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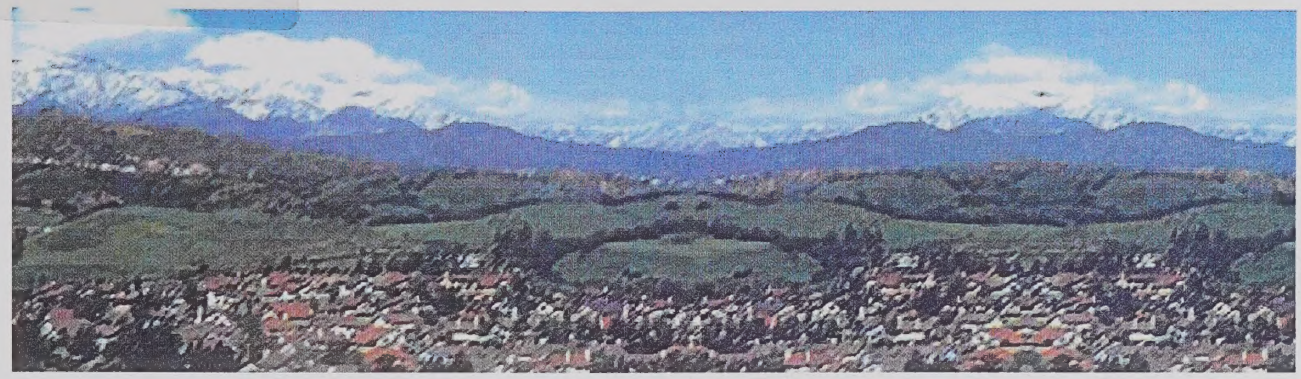

CITY OF WALNUT
REVISED DRAFT HOUSING ELEMENT
2000-2005

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2004 0581

CITY OF WALNUT

Revised Draft Housing Element
2000-2005

December 2001

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CITY OF WALNUT
HOUSING ELEMENT

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SECTION I - INTRODUCTION

I. INTRODUCTION

A. COMMUNITY CONTEXT

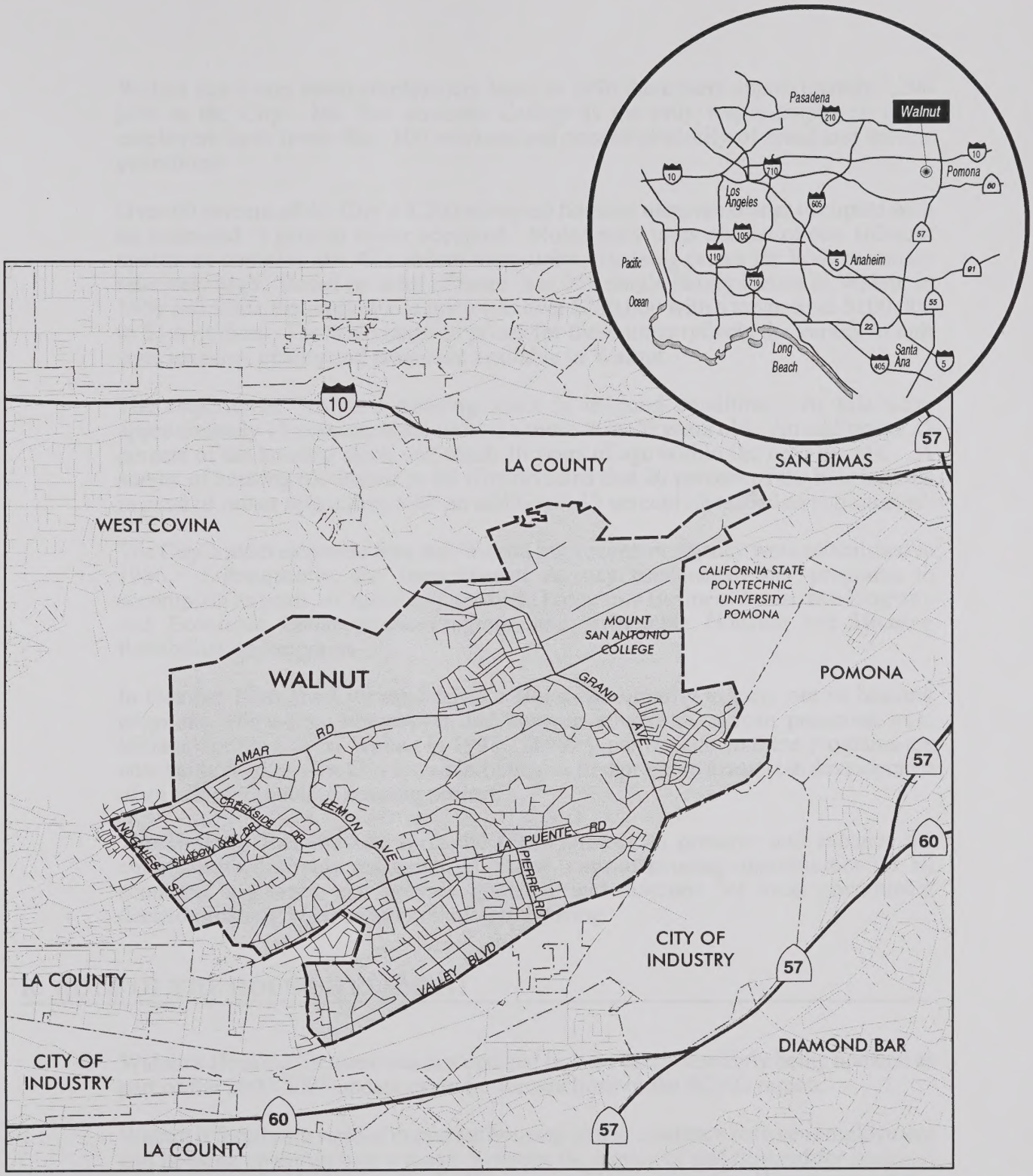
The City of Walnut encompasses approximately 8.9 square miles and is surrounded by West Covina to the west and north, Pomona to the east, and the City of Industry to the south. In addition, two County islands are adjacent to the City's northern and southeastern boundaries. Figure 1 depicts Walnut's regional location.

Incorporated in 1959, Walnut has developed as a low-density, semi-rural residential community, reflecting the presence of severe environmental constraints. The City contains large hillside areas with slopes well in excess of 25 percent which are susceptible to unstable soils and geologic conditions. Landslides have occurred in some of these steeper hillside areas. Earthquakes also pose a danger to Walnut. The San Jose Fault is located approximately one mile from the City and groundshaking, liquefaction, and lurching are all possible hazards. In addition, two landfills are located adjacent to the City's borders. Setback requirements have been established along the City's western border due to hazardous materials contained in the BKK Landfill. Walnut's character as a low-density community has evolved in recognition of these limitations to development.

During the 1980s, the City experienced an unprecedented population growth of over 130 percent, increasing from 12,000 to over 28,000 residents. Even in light of these growth pressures, Walnut has maintained its low density character, reflective both of residents' desires to maintain the area's rural ambiance and the presence of topographical and environmental constraints to higher intensity development. Current population in 2000 is estimated at approximately 33,200 residents; Walnut's growth during the 1990s had slowed to 17 percent, comparable to that in the region.

Average household size in Walnut was 3.69 persons per occupied housing unit in 1980. The 1990 Census indicates that household size has slightly increased to 3.71 persons per household. Average household size for 2000 is estimated to have increased to 3.98 persons. The increase in household size is reflective of the larger size of single-family homes, and the City's growing Asian/Pacific Islander population, which tends to have larger families.

Demographic shifts are occurring in the City. In 1980, Asian/Pacific Islanders comprised only 10 percent of the City's population, and by 1990, an estimated 37 percent of the City's population was Asian/Pacific Islander. Many of the Asian households moving into Walnut have extended families and are attracted by the City's larger homes with four plus bedrooms. While no updated census data is available, current enrollment data for schools located in Walnut provides some insight into the changing racial/ethnic composition of the City. In 1998/99, approximately 52 percent of the City's public school students were Asian, 21 percent were White, 20 percent were Hispanic and 6 percent were Black.



Source: CBA, Inc., August 2000

Figure 1
Regional Location

Walnut has a very small employment base; in 1990 there were approximately 7,200 jobs in the City. Mt. San Antonio College is the only major employer; other employers have fewer than 100 workers and consist primarily of retail and service operations.

Over 90 percent of the City's 8,200 occupied housing units are owner occupied with an estimated 9 percent renter occupied. Multifamily units consist of one 163-unit apartment complex and 45 condominium units. Housing prices for Walnut remain relatively high. Based on sales of more than 350 single family homes in Walnut in 1999 and 2000, the median sale price was over $280,000 with a range from $100,000 to $1.4 million. The wide range in prices for these units reflects the variety in unit size, location, quality and amenities available in Walnut.

The majority of Walnut's housing stock is in good condition. At this time, approximately 15 percent of the units are more than 30 years old. An additional 25 percent of the housing stock will reach 30 years of age within the next decade. A survey of housing conditions in the City revealed that 20 percent of the housing was in need of minor upgrading, with an additional 15 percent identified as substandard.

The City's redevelopment area and Walnut Improvement Agency were established in 1986. Subsequently, the Improvement Agency established four programs to accomplish its goals: a Capital Improvement Program, a Business Assistance Program, and Economic Enhancement Program, and Affordable Housing and Housing Rehabilitation Programs.

In October 1996, the City established a Housing Authority to carry out its housing programs. First-time homebuyer and housing rehabilitation loan programs were initiated for the City of Walnut in 1998. The first participants in these programs are now being funded. The City is also initiating its first program to assist in development of an affordable senior housing project.

The Housing Element sets forth the City's strategy to preserve and enhance the community's desirable residential character, expand housing opportunities for all economic segments, and provide guidance and direction for local government decision-making in all matters relating to housing.

B. ROLE OF THE HOUSING ELEMENT

Walnut's Housing Element was last updated in 1981 and is currently being updated as part of the 2000-2005 update cycle for jurisdictions in the SCAG region.

Walnut is faced with various important housing issues: a balance between employment and housing opportunities; a match between the supply of and demand for housing; preserving and enhancing affordability to provide housing for all segments of the population; preserving the quality of the housing stock; and providing new types of housing necessary to accommodate the demographic shifts. This Housing Element provides policies and programs to address these issues.

Walnut's Housing Element is a five-year plan for the period 2000 to 2005, unlike other General Plan elements which typically cover a longer planning horizon of ten years. This Housing Element identifies strategies and programs that focus on: 1) conserving and improving existing affordable housing; 2) providing adequate housing sites; 3) assisting in the development of affordable housing; 4) removing governmental and other constraints to the housing development; and 5) promoting equal housing opportunities.

The Walnut Housing Element consists of the following major components:

- An analysis of the City's demographic and housing characteristics and trends (Section II)
- A review of potential market, governmental, and environmental constraints to meeting the City's identified housing needs (Section III).
- An evaluation of land and financial resources available to address Walnut's housing goals (Section IV).
- A statement of the Housing Plan to address the City's identified housing needs, including housing goals, policies and programs (Section V).

C. DATA SOURCES

In preparing the Housing Element, various sources of information are consulted. The 1990 Census provides the basis for population and household characteristics. Although dated, the Census remains the most comprehensive and widely accepted source of information on demographic characteristics. In addition, 1990 Census data must be used in the Housing Element to ensure consistency with other Regional, State, and Federal housing plans. However, other sources of information are used to supplement and provide reliable updates of the 1990 Census.

- Population and demographic data is updated by the State Department of Finance, and 1998/99 school enrollment information from the State Department of Education;
- Housing market information, such as home sales, rents, and vacancies, is updated by City surveys and property tax assessor's files;
- Local and County public and nonprofit agencies are consulted for information on special needs populations, the services available to them, and gaps in the system;
- Lending patterns for home purchase and home improvement loans are provided through the Home Mortgage Disclosure Act (HMDA) database; and
- Housing condition information is provided by the City.
- Vacant and underutilized sites are identified based on records provided by City staff.

D. PUBLIC PARTICIPATION

Section 65583 (c)(5) of the Government Code states that, "The local government shall make diligent effort to achieve public participation of all economic segments of the community in the development of the housing element, and the program shall describe this effort."

City residents had several opportunities to recommend strategies, review, and comment on the Walnut Housing Element.

Prior to developing a draft Element, the City conducts a public informational workshop with the Planning Commission for purposes of sharing proposed Housing Element programs and target affordable housing sites. The workshop is announced through a direct mail letter to every address in Walnut as well as via the local cable network. Printed notices are also posted at public locations in the City.

In order to solicit input from groups who serve lower income and special needs populations, the City mailed public hearing notices and provided copies of the draft Element to the following groups: Habitat for Humanity (San Gabriel Valley chapter), Southern California Housing Development Corporation, LINC Housing Corporation, and Los Angeles Community Design Center.

Following review and comments on the draft Element by the State Housing and Community Development Commission, public hearings will be held on this revision to the Housing Element before both the Planning Commission and City Council. Notification is published in the local newspaper in advance of each hearing. In addition, announcements of public hearings are made in the City's "Walnut Weekly" newsletter and on the City's "A Week in Walnut" Cable T.V. program. Also, press releases are distributed to all local media, including the minority press; to the Walnut Informational Network which includes presidents of all home owners associations; and to members of the Mayor's Advisory Cabinet and Mayor's Advisory Committee. Copies of the draft Element are available for review at City Hall, and the public library. At public hearings before the Planning Commission and City Council, the interested public are invited to give comments on the Element.

E. RELATIONSHIP TO OTHER GENERAL PLAN ELEMENTS

The City of Walnut General Plan is comprised of the following seven elements: 1) Land Use; 2) Circulation; 3) Housing; 4) Environmental Resources Management; 5) Public Safety; 6) Noise; and 7) Sewer.

This Housing Element builds upon the other General Plan elements and is consistent with the policies and proposals set forth by the Plan. Examples of inter-element consistency include: residential development capacities established in the Land Use Element are incorporated within the Housing Element, and the discussion of environmental constraints in the Housing Element is based upon information from the Environmental Resource Management and Public Safety elements. The City will maintain consistency between General Plan elements by reviewing each element for consistency when the plan is amended, and making the appropriate element revisions.

Section II - Housing Needs Assessment

II. HOUSING NEEDS ASSESSMENT

A successful strategy for improving housing conditions must be preceded by an assessment of the housing needs of the community and region. This section of the Housing Element discusses the major components of housing need including the trends in Walnut's population, households, and employment base and the type of housing available. Since these changes have not occurred in a vacuum, the regional context is also presented.

The analysis which follows is broken down into four major subsections. Section A, "Population Characteristics," analyzes the City of Walnut in terms of individual persons and attempts to identify population trends that may affect future housing needs. Section B, "Household Characteristics," analyzes Walnut in terms of households, or living groups, to see how past and expected household changes will affect housing needs. Section C, "Housing Stock Characteristics," analyzes the housing units in Walnut in terms of availability, condition, and affordability. Section D,"Regional Housing Needs" summarizes existing and future housing need. This assessment of Walnut's housing needs will serve as the basis for identifying appropriate policies and programs in this Element.

The following analysis of population and housing characteristics utilizes the 1980 and 1990 Census as baseline data. However, the 1990 Census incorrectly reports the number of multi-family housing units in the City as it includes an apartment complex outside the City's jurisdiction. All housing unit, household, and population counts have been adjusted accordingly in the Housing Element to reflect the accurate number of dwelling units in the City.

A. POPULATION CHARACTERISTICS

1. Population Growth Trends

Walnut's 1990 population was 28,430 (reflecting a slight downward adjustment from the reported Census figure of 29,105 persons). While Walnut remained smaller than most of its neighbors, the City experienced a tremendous 132 percent growth during the 1980s - among the highest in the entire County (see Table 1). Current population in 2000 is estimated at 33,203 persons. For the period 1990 to 2000, growth had slowed to 17 percent, although still above the 12 percent in Walnut, San Dimas, Los Angeles County and most surrounding communities.

Walnut's population growth can be attributed to the large number of planned residential developments constructed during the 1980s, and the City's desirable image as a family-oriented residential community. Growth rates during the 1990s have in contrast been relatively slow, reflective of the sluggish economy during the first half or the decade and relatively limited remaining land available for development. However, the slower rate of growth is typical of the region as a whole.

Table 1
Population Trends: Walnut and Surrounding Areas
1980, 1990 & 2000

Jurisdiction	1980	1990	2000 (b)	Percent Increase	
				1980 - 1990	1990 - 2000
Brea	27,913	32,873	36,967	18%	12%
Pomona	92,742	131,723	147,656	42%	12%
West Covina	80,291	96,086	107,631	20%	12%
San Dimas	24,014	32,397	37,357	35%	15%
Walnut (a)	12,269	28,430	33,203	132%	17%
Los Angeles County	7,477,503	8,863,164	9,884,255	19%	12%

Source: U.S. Department of Commerce, Bureau of the Census, 1980 & 1990 Census.

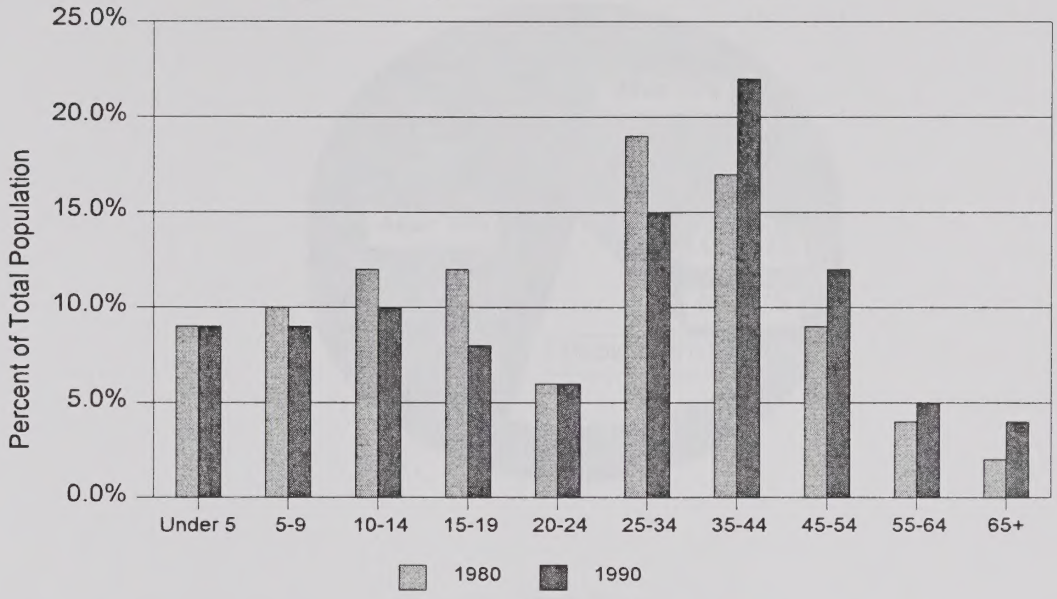
(a) Population figures reflect revised housing unit count: 7,900 units in 1990, 3,383 in 1980.
(b) State Department of Finance Population and Housing Estimates, January 2000.

2. Age Characteristics

The age structure of a population is an important factor in evaluating housing needs and projecting the direction of future housing development. Figure 2 illustrates the age distribution of Walnut residents in 1980 and 1990. In 1980, the median age of Walnut residents was 26.6, well below the 29.8 Countywide median age. In 1980, about 68 percent of the City's population was under 34 years of age, indicating a relatively young population. Elderly persons (age 65+) represented only two percent of the 1980 population.

The 1990 Census reports a significant rise in the median age from 26.6 in 1980 to 31.2. An important factor contributing to the rise in median age has been the growing 35-44 age cohort. The increase in this age group reflects the greater ability of this group to afford the upper-end single-family homes developed in Walnut during the 1980s compared to first-time homebuyers more characteristic of the 25-34 age cohort. In addition, as existing families "age in place", the City has experienced proportional increases in all age cohorts above age 45. The increase in elderly population was most pronounced. The proportion of persons age 65+ increased from 2 percent of total population in 1980 to 4 percent of the total in 1990. This increase in the elderly population is due to aging of the City's residents rather than any senior housing project or program which might have attracted additional persons in the age 65+ group.

Figure 2: Age Distribution 1980 - 1990



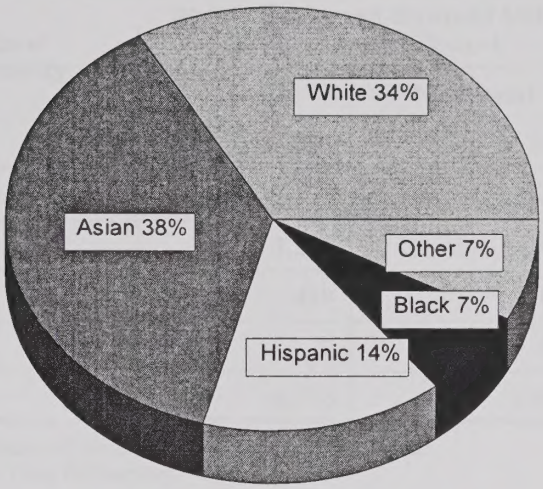
3. Race and Ethnicity

The racial and ethnic make-up of a population affects housing needs based on the unique household characteristics of different groups, and household size in particular. As illustrated in Figure 3, the majority of Walnut residents are non-White. The dramatic population growth experienced in the 1980s resulted in greater ethnic diversity, with Whites comprising 48 percent of the population in 1990, in contrast to 77 percent in 1980.

The Asian/Pacific Islander group exhibited the most substantial increase between 1980 and 1990. In 1980, Asian/Pacific Islanders comprised only 10 percent of the City's population, and by 1990, an estimated 37 percent of the City's population was Asian/Pacific Islander. Many of the Asian households moving into Walnut live in extended family arrangements and have been attracted by the City's larger homes with four or more bedrooms.

In addition to the five primary racial groups, the Census has a separate question related to whether households are of Hispanic origin. "Origin" is defined as the ancestry, nationality group, lineage, or country in which the person's ancestors were born before their arrival to the United States. Persons of Spanish Origin can be of any of the five racial categories. An estimated 24 percent of Walnut's 1990 population is of Hispanic origin.

Figure 3: 1990 Racial/Ethnic Composition



Source: 1990 Census.

School Enrollment Data

Evaluation of school enrollment data provides insight on ethnic changes within the community in post census years. Within the City of Walnut, there are 5 elementary schools, one middle school and one high school. The City is served by two school districts: the Walnut Valley Unified School District operates all schools except one elementary school located in the northwestern portion of the City; Oswalt Elementary School is part of the Rowland Unified School District.

School enrollment in the Walnut Valley Unified School District increased dramatically in the 1990s. California State Department of Education data for the 10-year period 1988/89 to 1998/99 indicates that the total number of students enrolled in kindergarten through twelfth grade in the Walnut Valley USD grew by about 26 percent, from 11,553 to 14,524. During this same period, the number of Asian students in the Walnut Valley USD increased from approximately 3,000 (26 percent of all students) to more than 7,000 (50 percent of all students). It is likely that similar growth in the school age population has occurred within Walnut schools in the district as well.

Table 2 summarizes the racial/ethnic distribution of students enrolled in schools within the City of Walnut. Comparison of school enrollment data to the 1990 Census indicates that among the school-age population, White and Hispanic population have decreased while Asian population has increased.

Table 2
Race and Ethnicity for School Enrollment - 1998/99

Race/ Ethnicity	Walnut Valley and Rowland USD K-12 Schools in Walnut	
	Persons	% of Total
White	1,433	21%
Asian	3,533	52%
Hispanic	1,371	20%
Black	439	6%
Other	2	0%
Total	6,778	100%

Source: State of California, Department of Education.
Education Data Partnership, May 19, 2000.

4. Employment

According to the 1990 Census, there were 14,893 employed persons and 667 unemployed persons in Walnut, for a total labor force of 15,560 persons. (The labor force includes employed and unemployed persons aged 16 years and above.) This represents a labor force participation rate of 96 percent. As shown in Table 3, most of the residents were employed in two occupations: managerial and professional specialty (38 percent) and sales, technical, and administrative support (39 percent). According to the State Employment Development Department, Walnut's unemployment rate in June 2000 was 3.1 percent, significantly lower than the Los Angeles County unemployment rate of 5.3 percent.

Table 3
Occupation of Residents - 1990

Job Category	Number	% of Total
Managerial/Professional	5,725	38.4%
Sales, Technical, Administrative (Support)	5,870	39.4%
Service Occupations	999	6.7%
Precision Production, Craft & Repair	1,213	8.1%
Operators, Fabricators, & Laborers	1,042	7.0%
Farming, Forestry, & Fishing	44	0.3%
Total Employed Persons	14,893	100.0%

Source: 1990 Census

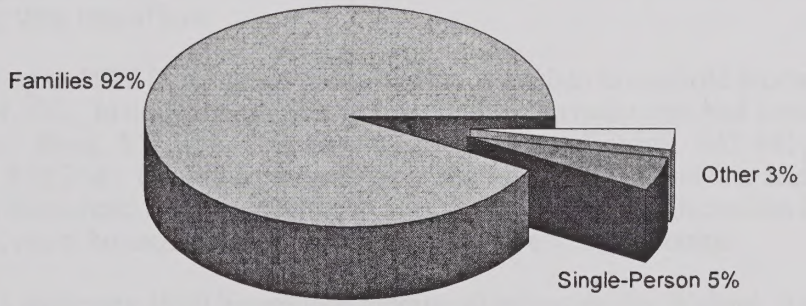
B. HOUSEHOLD CHARACTERISTICS

Information on household characteristics is an important indicator of housing needs in a community. The Bureau of the Census defines a household as all persons who occupy a housing unit, which may include families related through marriage or blood, unrelated individuals living together, or individuals living alone. Persons living in retirement or convalescent homes, dormitories, or other group living situations are not considered households.

1. Household Composition and Size

As shown in Figure 4, Walnut had a total of 7,663 households in 1990, over 90 percent of which are families. In contrast, only 70 percent of households County-wide are family households. This family-orientation has served as a major contributor to Walnut's popularity and associated population growth. Single-person households represented the second largest household group in Walnut, comprising approximately five percent of all households. "Other" households reflect unrelated individuals living together and comprise three percent of the City's households.

Figure 4: Household Composition - 1990



Source: 1990 Census

Household size is an important indicator identifying source of population growth as well as overcrowding in individual housing units. A city's average household size will increase over time if there is a trend toward larger families. In

communities where the population is aging, the average household size may actually decline.

Average household size in Walnut was 3.69 persons per occupied housing unit in 1980. The 1990 Census indicates that household size has slightly increased to 3.71 persons per household. Average household size for 2000 is estimated to have increased to 3.98 persons. The increase in household size is reflective of the larger size of single-family homes, and the City's growing Asian/Pacific Islander population, which tends to have larger families.

Table 4
Household Size: 1980, 1990 & 2000

Jurisdiction	1980	1990	2000
Walnut	3.69	3.71	3.98
Los Angeles County	2.74	2.96	3.14

Source: U.S. Department of Commerce, Bureau of Census, 1980 and 1990 Census Reports; California Department of Finance Population and Housing Estimates, January 2000.

2. Household Income and Income Distribution

An important factor with respect to housing affordability is household income. While upper income households have more discretionary income to spend on housing, low and moderate income households are more limited in the range of housing they can afford.

According to 1990 Census estimates, Walnut's median household income in 1989 was $64,333. In comparison, many surrounding jurisdictions had lower median incomes: Brea, $51,253; Pomona, $32,132; West Covina, $42,481; and San Dimas, $50,268. However, the neighboring City of Diamond Bar had a similar median household income of $60,651. As indicated by its high median household income, most households in Walnut have relatively high income.

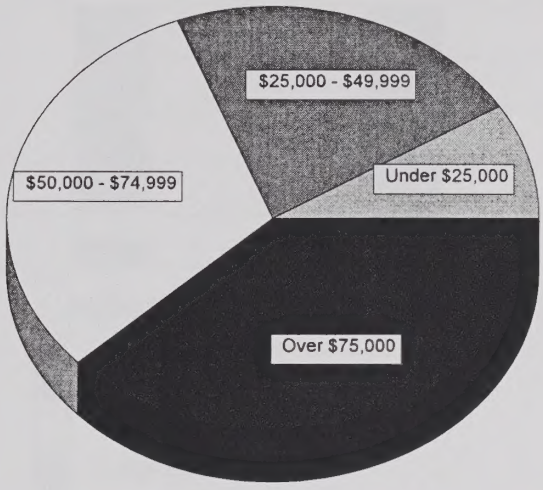
Figure 5 indicates 1989 household income distribution for Walnut: 9 percent of households earned under $25,000; 22 percent had income between $25,000 and $49,999; 31 percent had income between $50,000 and $74,999; and the remaining 38 percent of households had income above $75,000.

Low- and moderate-income households cover a wide range of incomes; HUD income limits are indexed by household size. Low- and moderate-income householders work in many occupations which may include:

- Law enforcement
- Fire fighter
- Registered nurse
- Secretary

- Librarian
- Book-keeper
- Medical technician
- Retail salesperson

Figure 5: Household Income Distribution



Source: 1990 Census.

The Department of Housing and Urban Development (HUD) and the State Department of Housing and Community Development (HCD) have developed the following income categories and their definitions:

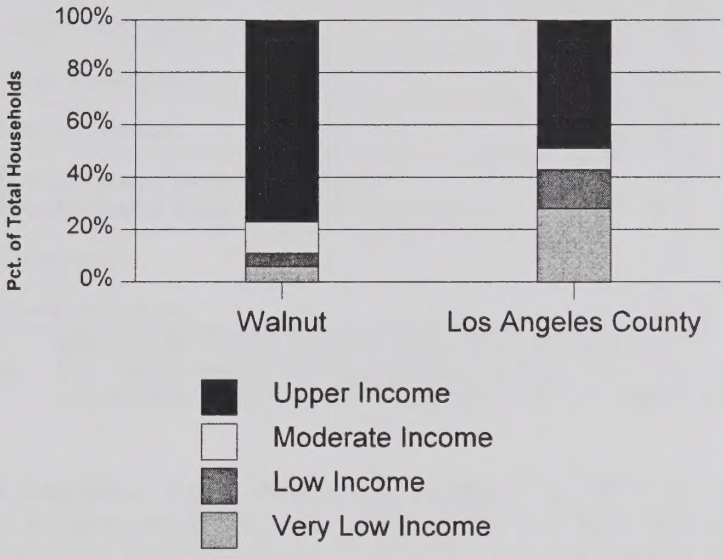
- Very Low Income - less than 50 percent of the regional (County) median.
- Low Income - between 51 and 80 percent of the County median.
- Moderate Income - between 81 and 120 percent of the County median.
- Upper Income - greater than 120 percent of the County median.

The City's 1979 and 1989 income distributions can be divided into these four income categories through interpolation, as presented in Figure 6. Between 1979 and 1989, Walnut experienced a significant increase in the number of upper income households, from 2,471 to 5,851, and a related proportional increase from 74 to 77 percent of total households.

The percentage of Walnut households in the very low- and low income groups is much lower than that of households in Los Angeles County. Approximately 11 percent of the households in Walnut have very low or low incomes compared to 43 percent of Los Angeles County households. Walnut is predominantly an upper income community, with approximately 77 percent of its households in these income ranges. Lower income households in Walnut are likely comprised of

seniors and some of the City's renter households. Figure 6 compares Walnut's households by income group with those of the County.

Figure 6: Households by Income Group



3. Special Needs Groups

Certain segments of the population may have more difficulties in finding decent, affordable housing due to special circumstances. In Walnut, these "special needs" groups include the elderly, disabled persons, large families, female-headed households, and the homeless. The number of special needs households (or persons) in Walnut is summarized in Table 5.

Elderly: The special needs of many elderly households result from their limited fixed incomes, physical disabilities and dependence needs. In 1980, Walnut contained 109 elderly households or three percent of the City's households, well below the County's 17 percent. The number of elderly households has increased between 1980 and 1990. Approximately 866 elderly households resided in Walnut in 1990, constituting 11 percent of the City's households.

The Housing Element addresses the needs of the City's elderly through designation of multi-family/senior citizen housing sites and the Specific Plan process to facilitate development of affordable housing in commercial districts. Establishment of a residential rehabilitation program will also benefit seniors unable to keep up their homes. In the greater Walnut community, there are ten small residential elderly facilities serving non-ambulatory seniors, as well as Villa Colima Assisted Living Community.

Table 5
City of Walnut
Summary of Special Needs Groups: 1990

Needs Groups	1990 Number of Hhlds/Persons	Percent of Total Households/ Population
A. Elderly Households (65+)	866	11.3
B. Large Households (5+ Persons)	2,053	26.8
C. Disabled Persons	1,557	5.4
D. Female-Headed Households (Total) Female-Headed Households With Children	453 199	5.9 2.6
E. Farmworkers	42	0.1
F. Homeless Persons	0-2	0

Note: Based on the City of Walnut's revised housing unit count.
Source: U.S. Department of Commerce, Bureau of the Census, 1990 Census Report; Los Angeles County Sheriff's Department (homeless estimates).

Large Families: Large families are identified in State housing law as a group with special housing needs based on the limited availability of adequately sized affordable housing units. Large households are often of lower income, frequently resulting in the overcrowding of smaller dwelling units and in turn accelerating unit deterioration.

The 1990 Census reports 2,053 households with five or more members in Walnut, representing approximately 27 percent of the City's total households. Almost all of these large households are families. The substantial number of large family households is reflective of the City's growing Asian/Pacific Islander and Hispanic origin populations who tend to have larger and extended families.

While large families traditionally experience housing needs related to their lower incomes, large family households in Walnut are predominately upper income, and are adequately housed in the City's larger single-family homes. Only 10 percent or approximately 200 of the City's large households were renters.

Disabled Persons: Physical and mental disabilities can hinder access to traditionally designed housing units (and other facilities) as well as limit the ability to earn adequate income. The proportion of handicapped/ disabled individuals is increasing nationwide due to overall increased longevity and lower fatality rates. An estimated 1,557 Walnut residents had work and/or mobility/self-care limitation disabilities in 1990 (1,095 work disability; 462 mobility/self care limitations but can work), comprising approximately five percent of the City's population. As the City's population continues to age, increases in the disabled population can be anticipated.

Most lower income disabled persons are likely to require housing assistance. Their housing need is further compounded by design and location requirements which can

often be costly. For example, special needs of households with wheelchair-bound or semi-ambulatory individuals may require ramps, holding bars, special bathroom designs, wider doorways, lower cabinets, and other interior and exterior design features. In Walnut, there are three small community care facilities for developmentally disabled adults, and one for mentally disabled adults; each has a capacity of six persons. In addition, there is a large assisted living center, *Villa Colima*, with capacity for 120 non-ambulatory seniors.

Housing opportunities for individuals with disabilities can be addressed through the provision of affordable, barrier-free housing. Currently, housing units that are accessible to the disabled are limited in supply. In addition to the development of new units, rehabilitation assistance can also be provided to disabled renters and homeowners to modify existing units to improve accessibility. In addition, accessible housing can be provided through senior housing developments. The City also designates CDBG funds to support the Service Center for Independent Living (SCIL) with locations in Covina and Claremont. SCIL provides support and advocacy for people with disabilities wanting to live independently.

Housing opportunities for physically disabled persons can be addressed through the provision of affordable, barrier-free housing. The Housing Element sets forth policies to implement State Standards for the provision of physically accessible units in new developments and, in addition, to encourage housing which is provided for the disabled to be in close proximity to public transportation and services. Housing Element policy calls for rehabilitation assistance to be targeted towards disabled homeowners for unit modifications to improve accessibility. Physically accessible housing will also be provided via development of senior housing projects.

Female-Headed Households: Single-parent households require special consideration and assistance because of their greater need for day care, health care, and other facilities. (Households are classified by type according to the gender of the householder and the presence of relatives. A family with a female householder and no spouse present is designated as "female-headed".) Female-headed households with children in particular tend to have lower income, thus limiting housing availability for this group. In 1990, Walnut had an estimated 453 female-headed households, 199 (44 percent) with children.

To address the housing affordability needs of Walnut's female-headed households, the Housing Element sets forth several new programs, including a first time homebuyer program to increase the supply of affordable housing. Housing opportunities for female-headed households with children are addressed through policies for the provision of affordable childcare, and for the location of family housing sites in close proximity to recreational facilities and public transit.

Farmworkers: The special housing needs of many agricultural workers stem from their low wages and the insecure nature of their employment. The urban nature of Walnut and surrounding communities accounts for the City's small farmworker population. The 1990 estimate for Walnut's "farmworker" population is 42, or less than 0.1 percent of the City's total population. The demand for housing generated by farmworkers in

Walnut is thus estimated to be nominal and can be addressed through overall programs for affordability.

Homeless Persons: Throughout the country, homelessness has become an increasing problem. Factors contributing to the rise in homeless include the general lack of housing affordable to low and moderate income persons, increases in the number of persons whose incomes fall below the poverty level, reductions in public subsidies to the poor, and the de-institutionalization of the mentally ill.

The 1990 Census data on the homeless reports no homeless persons within Walnut. The Los Angeles County Sheriff's department provides police protection in the City, and agrees that there is no permanent homeless population in Walnut. One or two homeless individuals are occasionally sighted adjacent to the railroad tracks south of Valley Boulevard in the City of Industry.

A variety of facilities provide services to the homeless or to people who are at risk of becoming homeless including, battered women, and low income families. A list of the facilities and types of service available are described in Table 6.

Students: The college student population affects housing demand in the Walnut area. Although students represent a temporary housing need, the impact upon housing demand and post-study residence is critical in the immediate university areas. The same market forces that impact the lower income housing market will influence student housing. The large number of single-family homes coupled with high cost of housing in Walnut present difficulties for students looking for affordable housing.

A significant college student, staff, and faculty population exists in Walnut and adjacent communities. Mount San Antonio Junior College ("Mt. Sac") is located within the City and California State Polytechnic University, Pomona ("Cal Poly") is immediately adjacent to Walnut. Students and college staff are predominantly renters, whereas faculty are typically able to purchase their homes. Discussions with both Cal Poly and Mt. Sac indicate that the shortage of affordable for-sale housing in the area has served as a significant disadvantage in their ability to attract faculty. The City's first-time homebuyer programs could assist faculty to purchase homes in Walnut.

Table 6
Regional Homeless Facilities & Services

Agency	Target Groups	Facility/Service
East San Gabriel Valley Homeless Coalition (ESGVHC)	Homeless individuals	Emergency shelter, referrals, advocacy-benefit counseling.
ESGVHC Emergency Assistance Center 236 E. College Street Covina	Homeless and "at-risk" low income men, women and children	Information and referrals, emergency food and clothing, transportation (bus tokens and taxi vouchers), counseling.
Pomona/ Inland Valley Council of Churches Shelter Program	Homeless women and children	Shelter up to 30 days; daily case management and supportive services.
Pomona Neighborhood Center 999 W. Holt Blvd., Suite D Pomona	Homeless individuals and families	Employment services, emergency food and clothing, information and referral.
Catholic Charities Brother Miguel Center 315 N. Park Avenue Pomona	Low income families and individuals	Counseling and poverty services; food, shelter, vouchers, job training referrals.
House of Ruth outreach offices in Pomona	Battered women and children	Emergency shelter, transportation and counseling; 24-hour telephone hotline.
WINGS Shelter Covina	Battered women and children	Emergency housing for 45 days; food, clothing and counseling.
Mt. Baldy United Way Help on Call Info/ Referral Rancho Cucamonga	Individuals including youth, families	Information and referral services where to find food, shelter, clothing, legal aid, youth activities, counseling, protection for abused children; serves west end of San Bernardino, east end of Los Angeles Counties.

Source: Cotton/Bridges/Associates, Inc.

C. HOUSING STOCK CHARACTERISTICS

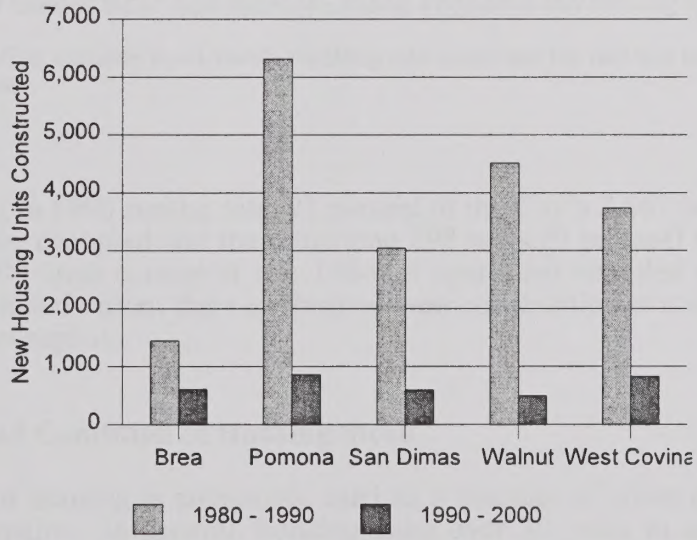
This section of the Housing Element addresses various housing characteristics and conditions that affect the well-being of Walnut residents. Housing factors examined include the following: housing growth, housing type and tenure, age and condition, and housing costs and affordability.

1. Housing Growth

Walnut experienced substantial residential growth during the 1980s. Walnut's 1980 housing stock of 3,383 units had increased by 135 percent to 7,900 units in 1990. Throughout the region, however, double-digit housing growth of the 1980s dropped dramatically for the decade of the 1990s where growth rates were typically only 3 to 5 percent.

Figure 7 compares the number of new units added, by jurisdiction, for the periods 1980-1990, and 1990- 2000. As demonstrated in Figure 7, Walnut constructed approximately 4,500 new housing units between 1980 and 1990; during this same period, Pomona constructed more than 6,000 new units while Brea constructed approximately 1,500 housing units. By comparison, approximately 500 new housing units were constructed in Walnut between 1990 and 2000 while Pomona constructed more than 850 units and Brea constructed approximately 600 new units.

Figure 7: Housing Growth 1980 - 2000



Source: 1980 and 1990 Census; State Department of Finance, Population and Housing Estimates, January 2000.

2. Housing Type and Tenure

Table 7 provides a summary of unit types in Walnut for 1980, 1990, and 2000. Following the dramatic increase in housing units for the period 1980-1990, there was relatively little growth for the period 1990-2000. No additional multifamily units were developed, and no mobilehomes were added. The overall housing vacancy rate in Walnut is estimated at 3 percent.

Table 7
City of Walnut - Housing Unit Mix: 1980 - 2000

	Number of Housing Units			Percent Growth	
Housing Type	**1980**	**1990**	**2000**	**1980-1990**	**1990-2000**
Single Family (Attached and Detached)	3,175	7,692	8,195	142.3%	6.5%
Multi-Family (*)	208	208	208	0.0%	0.0%
Mobile Homes/Other (*)	0	0	0	0.0%	0.0%
Total Units	3,383	7,900	8,403	133.5%	6.4%
Occupied Units	3,325	7,663	8,151		
Vacancy Rate	1.7%	3.0%	3.0%		

Sources: 1980 and 1990 Census; State Department of Finance, Population and Housing Estimates, January 2000.

Note: (*) Adjusted to reflect accurate multi-family dwelling unit count and the fact that there are no mobile homes within the City of Walnut.

According to 1990 census data, 91 percent of the City's 7,663 occupied housing units were owner occupied and the remaining 698 units (9 percent) were renter occupied. Multifamily units consist of one 118-unit apartment complex and 45 condominium units. As noted earlier, there has been no new construction of multifamily units–owner or renter-occupied.

3. Age and Condition of Housing Stock

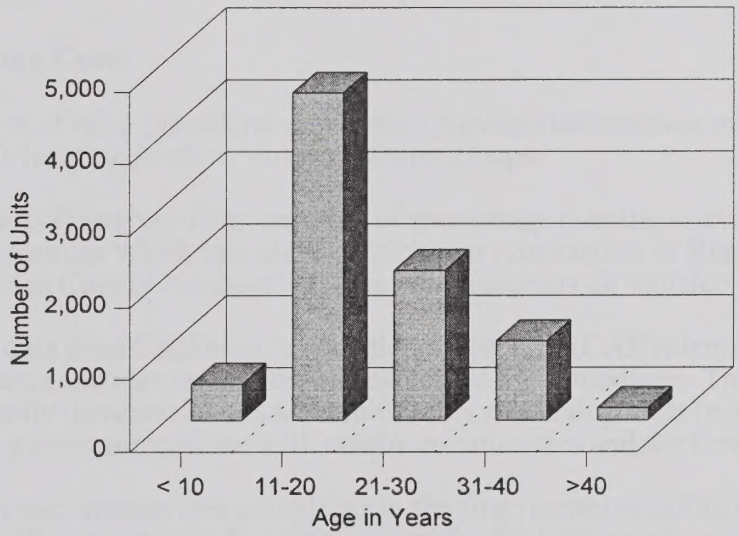
The age of housing is commonly used as a measure of when housing may begin to require repairs. In general, housing units over 30 years in age are likely to have rehabilitation needs such as roofing, siding, plumbing, electrical and other subsystems. Table 8 summarizes housing units by year built, and Figure 8 illustrates the age distribution of housing stock in Walnut.

Table 8
Age of Housing - 2000

Year Built	# of Units	% of Total
1939 or Earlier	34	0.4%
1940 - 1949	24	0.3%
1950 - 1959	113	1.3%
1960 - 1969	1,101	13.1%
1970 - 1979	2,081	24.8%
1980 - 1989	4,517	54.1%
1990 - 2000	503	6.0%
Total	8,403	100.0%

Sources: 1990 U.S. Census; Department of Finance
2000 Population and Housing Estimates.

Figure 8: Age Distribution of Housing Stock



The majority of Walnut's housing stock is in good condition. At this time, approximately 15 percent of the units are more than 30 years old. An additional 25 percent of the housing stock will reach 30 years of age within the next decade. Some of these homes are likely to be in need of rehabilitation.

The City conducted a comprehensive survey in1993 in order to evaluate the structural condition of the City's older neighborhoods. Survey results indicated that the majority of housing in the City is of sound to superior quality. However, the housing conditions survey demonstrated a need for targeted housing rehabilitation in Walnut. Nearly 20 percent (308 housing units) of all units surveyed were in need of some minor upgrading such as roof repair, stucco siding, and paint. An additional 15 units were identified as substandard, demonstrating significant structural deficiencies including settled roofs and porches or inadequate building foundations. Since housing conditions are relatively unchanged since the 1993 survey, the City is directing its efforts to programs which can address existing issues.

The City's code enforcement program provides a mechanism to bring substandard units into compliance with City codes and to improve overall housing conditions.
City Code Enforcement Officers have identified focus areas for housing rehabilitation efforts; these areas are indicated on the map in Figure 9. The City has also established a Housing Rehabilitation Assistance Program which can address particular needs of the focus areas.

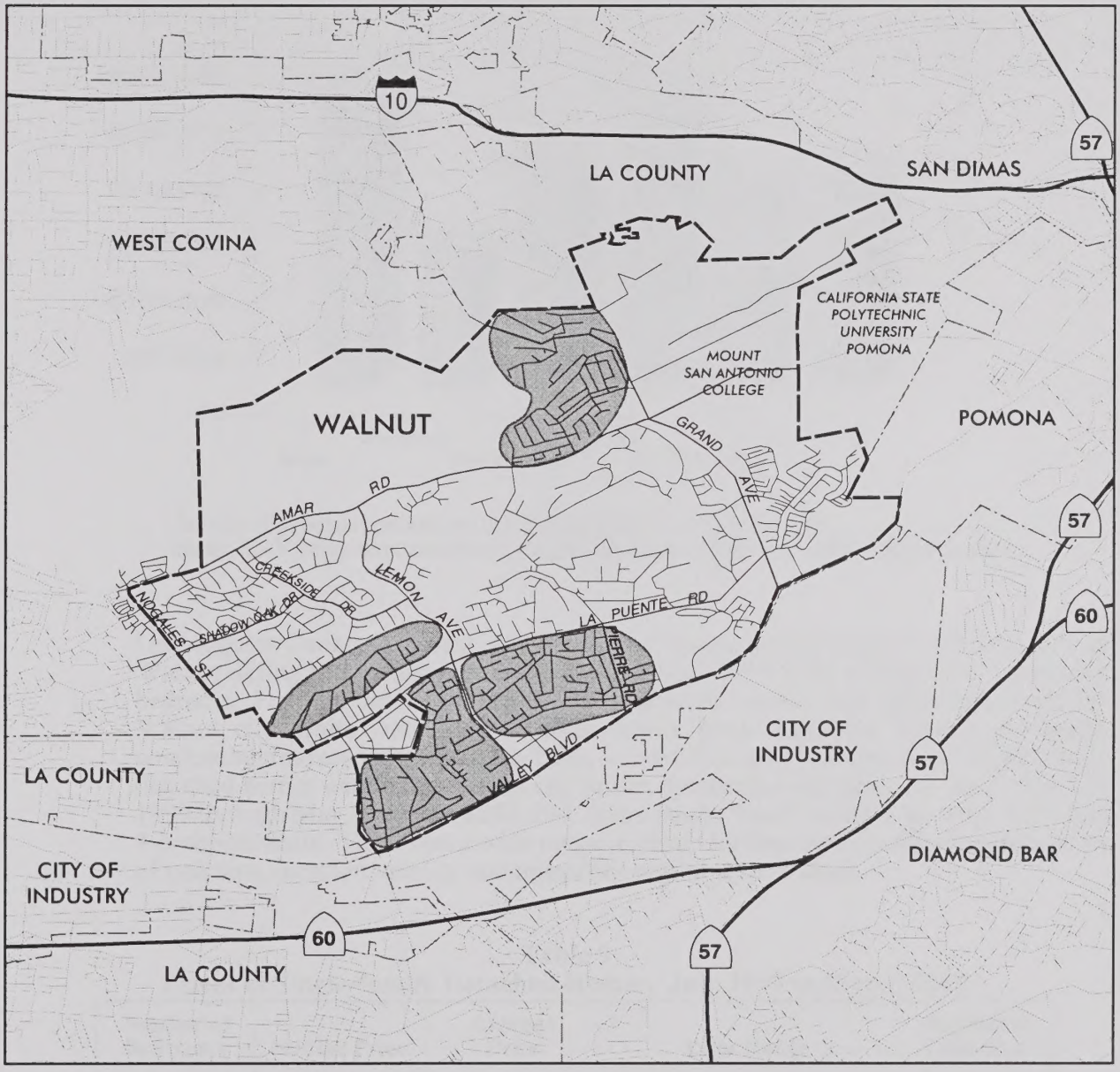
4. Housing Costs

Evaluation of sales prices and rental rates provides information on the affordability of the City's housing stock to various income groups.

Ownership Housing: Data on sales of ownership housing is available from several different sources which include the California Association of Realtors (CAR) and the Los Angeles County Assessor's Office which records all transfers of real property.

Housing data from California Association of Realtors (CAR) identifies communities by zip code area and may not correspond exactly to city boundaries. This data includes both single family detached homes and multifamily ownership units (e.g. condominiums); it provides a price comparison with nearby communities and the County of Los Angeles.

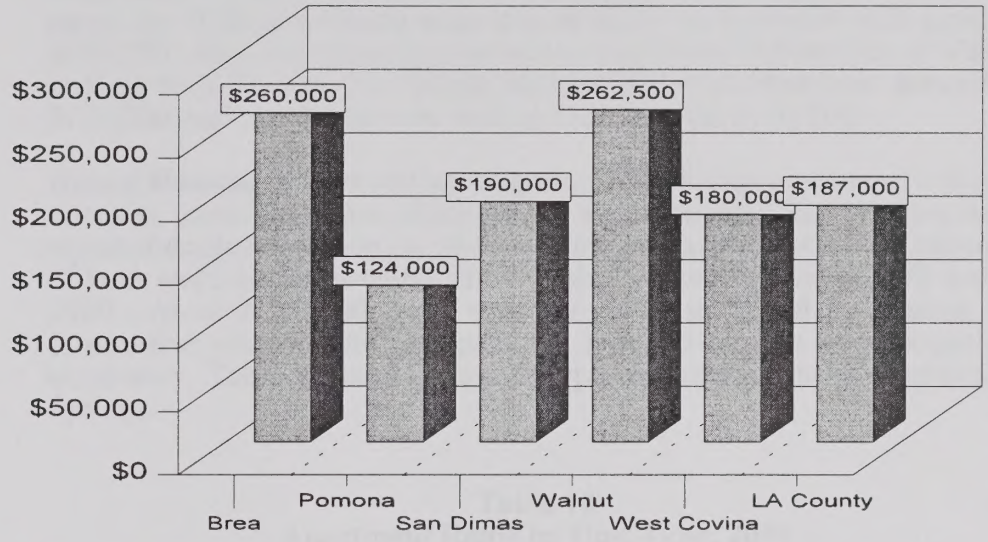
Based on sale transactions completed in the first quarter of 2000, CAR data presented in Figure 10 compares median home prices for Walnut, nearby cities, and Los Angeles County; it combines sales of both single family homes and condominium units. According to CAR, the median sales price of a home in Walnut for the first quarter of 2000 was $262,500, compared to median sales price of $187,000 for Los Angeles County. The median sale price for homes in Walnut and in Brea were similar; prices for both cities greatly exceeded the Los Angeles County median of $187,000. San Dimas and West Covina reflected median sales prices similar to that of the County while the median sale price for units in Pomona was significantly lower than the County median.



Source: CBA, Inc., August 2000

Figure 9
Focus Areas for Housing Rehabilitation

Figure 10: Median Home Sales Price



Source: California Association of Realtors (CAR), 1st Quarter 2000.
Note: CAR sales data combines single family detached units and condominiums.

Los Angeles County Assessor data for sales of single family homes within the City of Walnut during the period July 1999 through May 2000 were analyzed by number of bedroom. For this detailed analysis, only sales of homes with addresses inside the Walnut city limits were used. Single-family home sales for Walnut (excluding condominiums) are summarized in Table 9. Based on sales volume of 362 single family detached homes within the Walnut city limits, the median sale price for the period July 1999 through May 2000 was $282,500. Most single family home sales were for 3- and 4-bedroom units. There was a wide range in prices for these units, reflecting the variety of unit size, location, quality and amenities available in Walnut.

Table 9
Prices of Single-family Detached Homes, July 1999 to March 2000

Number of Bedrooms	Median Price	Average Price	Price Range	Number of Units Sold
2	$149,250	$165,500	$132,000 - $295,000	8
3	$254,000	$264,644	$120,000 - $545,000	127
4	$300,000	$330,144	$165,000 - $1,420,000	197
5 or more	$430,000	$484,420	$225,000 - $950,000	30
Total	$282,500	$316,312	$120,000 - $1,420,000	362

Source: Dataquick based on County Assessor files, July 1999 - May 2000.

There were also 42 sales of 2- and 3-bedroom condominium units with a Walnut postal address for the period July 1999 to May 2000. The price range for 24 two-bedroom units was $85,500 to $168,000 with a median price of $130,750. Similarly, the price range for 18 three-bedroom units was $100,000 to $169,000 with a median price of $160,750. However, the only condominium project within the City of Walnut is located on Kem Way. Four units in this project were sold: two 2-bedroom units at $112,000 and $118,000, and two 3-bedroom units at $127,000 and $140,000.

Rental Housing: The rental housing market in Walnut consists of a single apartment complex, occasional rental of units in one small condominium complex, and occasional rental of single family homes. *Shadow Springs* has a total of 163 apartments with a mix of 1-, 2- and 3-bedroom units. The complex was constructed in 1970 and renovated in 2000. As of July 2000, there were no vacant units and the waiting list included prospective tenants who had paid the required deposit in anticipation of future occupancy. Table 10 summarizes unit type and current rent for apartments in Shadow Springs.

Table 10
Apartment Rents by Unit Type: 2000

Unit Type	1-bedroom	2-bedroom	3-bedroom
Number of Units	17	96	50
Unit Size (sq.ft).	750	850	1,050
Monthly Rent	$675-$735	$795-$835	$895-$925

Source: Shadow Springs Apartments, July 2000.

During the past year, there have been approximately 50 single family homes with Walnut postal address were offered for rent through the multiple listing service. Minimum lease term for these homes is 12 months rather than the month-to-month terms which are more typical for apartment units. Prices vary according to size, location and amenities included. Table 11 summarizes recent single family home rentals in Walnut, by unit type.

Table 11
Recent Single Family Rentals by Unit Type: 2000

Unit Type	3-bedroom	4-bedroom	5-bedroom
Number of Units	18	22	9
Monthly Rent	$1,250-$1,650	$1,250-$1,650	$2,300-$2,500

Source: RE/MAX Realty 100, July 2000.

Only three condominium units were offered for rent through realtors, one within the City of Walnut and two in a nearby County unincorporated area. Two- and three-bedroom

units rented for $1,000 per month while a 4-bedroom unit rented for $1,250 per month under a 12-month lease term.

Housing affordability can be inferred by comparing the cost of renting or owning a home in Walnut with the maximum affordable housing costs to households of different income levels. Taken together, this information can reveal who can afford what size and type of housing as well as indicate the type of households that would likely experience overcrowding or overpayment.

The federal Department of Housing and Urban Development (HUD) conducts annual household income surveys for metropolitan areas across the country, including Los Angeles County. These income surveys are adjusted for differences in the type and size of a family. HUD uses these income levels to determine the maximum amount that a household could pay for housing and their eligibility for federal housing assistance. According to HUD, the 2000 Area Median Family Income (MFI) for a four-person household in Los Angeles County is $52,100.

Tables 12 and 13 below provide the annual income for very low, low, and moderate-income households by the maximum affordable housing payment based on the federal standard of 30 percent of gross household income. These affordability levels assume a 4-person household; affordable housing payments are indexed for family size. Standard housing costs for utilities, taxes, and property insurance are also shown. Maximum affordable home prices are based on household income and purchase assumptions. Maximum affordable rent is based on household income, indexed for family size and taking into consideration apartment size.

Table 12
Affordable Home Prices by Income Category

Income Group	Income Limits	Monthly Affordable Housing Cost	Property Taxes, Utilities, Homeowner's Insurance	Affordable Mortgage Payment	Max. Affordable 30-Year Mortgage	Max. Affordable Home Price
Very Low	$26,050	$651	$150	$501	$68,275	$75,900
Low	$41,700	$1,042	$200	$842	$114,750	$127,500
Moderate	$62,500	$1,562	$200	$1,362	$185,600	$206,200

Note: Calculation of affordable mortgage and home price based on an 8% interest rate, 10% downpayment, and Los Angeles County Area Median Family Income of $52,100 for 2000. Income limits assume a family of four persons.

Table 13
Affordable Rents by Income Category

Income Group	Income Limits	Maximum Housing Cost	Utility Allowance	Affordable Monthly Payment
Very Low (0-50% MFI)	$26,050	$651	$50	$701
Low (51-80% MFI)	$41,700	$1,042	$50	$1,092
Moderate	$62,500	$1,562	$50	$1,512

Note: Calculation of affordable rent assumes a maximum housing cost of 30 percent of gross income, including utility cost. Income limits assume a family of four persons and therefore imply a 2-bedroom apartment.

Very Low Income Households (0 to 50 percent of MFI). There are fewer than 100 two-bedroom apartments in Walnut, and these units currently rent for $795 to $835 per month which exceeds the "affordable" rent level of approximately $700 per month for a Very Low Income family of four. Some form of subsidy or affordable housing incentives would be required to provide affordable rental units to these households.

Low Income Households (51 to 80 percent of MFI). With an affordable monthly payment of approximately $1,100, a low-income household would be able to rent a 2- or 3-bedroom apartment unit in Walnut. However, even with apartment rental rates affordable to lower income households, the extremely limited supply of rental housing constrains the availability of the affordable housing stock. A maximum affordable home price of $127,500 is significantly below the median price of $149,250 for a 2-bedroom home in Walnut. Thus, homeownership is not a realistic option.

Moderate Income Households (81 to 120 percent of MFI). Moderate income households can afford all rental options in Walnut, including single-family homes. With a maximum affordable purchase price of approximately $200,000, moderate-income households can afford to purchase a condominium or a smaller, older single-family home. Although Moderate Income households generally have adequate income to support mortgage payments, they frequently lack savings for the required downpayment and closing costs associated with home purchase. The Walnut First Time Homebuyer program provides financing assistance of up to $25,000 for qualifying low and moderate income households.

5. Assisted Housing At Risk of Conversion

State Housing Element law requires cities to prepare an inventory including all assisted multi-family rental units which are eligible to convert to non-low-income housing uses due to termination of subsidy contract, mortgage prepayment, or expiring use restrictions. Under the State Housing Element law this inventory is required to cover a 10-year evaluation period following the statutory due date of the Housing Element (July 1, 2000). Thus this at-risk housing analysis covers the period from July 1, 2000 through June 30, 2010.

There are no assisted housing units in the City of Walnut. Inventories consulted included all multi-family rental units assisted under federal, state and/or local programs, including HUD programs, state and local bond programs, and local in-lieu fees, inclusionary, density bonus, or direct assistance programs. The inventory also covered all units that are eligible to change to non-low income housing uses due to termination of subsidy contract, mortgage prepayment, or expiring use restrictions. The inventory was compiled by interviews with City staff and review of "Inventory of Federally Subsidized Los-Income Rental Units at Risk of Conversion" (California Housing Partnership Corporation), and "The Use of Housing Revenue Bond Proceeds - 2000", (California Debt Advisory Commission).

D. REGIONAL HOUSING NEEDS

State law requires all regional councils of governments, including the Southern California Association of Governments (SCAG), to determine the existing and projected housing need for its region (Government Code Section 65580 et. seq.) SCAG must also determine the share of need allocated to each city and county within the SCAG region. This is called the Regional Housing Needs Assessment (RHNA).

1. Existing Housing Needs

A continuing priority of communities is enhancing or maintaining their quality of life. A key measure of quality of life in a community is the extent of "housing problems". The Department of Housing and Urban Development and SCAG have developed an existing need statement that details the number of households which are paying too much for housing or live in overcrowded units.

Overcrowding

Overcrowding occurs when housing costs are so high relative to household income that families double-up to devote income to other basic needs of food and medical care. Overcrowding also tends to result in more traffic, deterioration of homes, and a shortage of on-site parking. Therefore, maintaining a reasonable level of occupancy and alleviating overcrowding is an important contributor to quality of life.

The 1990 Census indicated that the percentage of overcrowded households in Walnut had increased to approximately 10 percent, up from the 5 percent overcrowding reported in the 1980 Census. However, these rates of overcrowding are significantly lower than for Los Angeles County. As defined by the Federal Government, *overcrowding* refers to a housing unit which is occupied by more than one person per room, excluding kitchens, bathrooms, hallways and porches. The percentage of "severely" overcrowded households (more than 1.5 persons per room) was approximately three percent. While Walnut's larger family sizes and extended family households may result in households defined as overcrowded under the traditional Census definition, the low incidence of severe overcrowding would indicate actual unit overcrowding is minimal and more reflective of cultural differences.

Overpayment

Overpayment refers to a household paying more than 30 percent of its gross income for housing (either mortgage or rent), including cost of utilities, property insurance, and real estate taxes as defined by the Federal Government. Housing overpayment occurs when housing costs increase faster than income. In Walnut, like most urban communities in California, it is not uncommon to overpay for ownership housing. However, to the extent that overpayment is typically concentrated among the most vulnerable members of the community, maintaining a reasonable level of housing cost burden is an important contributor to quality of life.

According to the 1990 Census, an estimated 51 percent of Walnut's households have housing problems including overcrowding and overpayment. Cost burden is the greatest housing problem for residents of Walnut; there was relatively little overcrowding. Table 14 compares overcrowding and overpayment for owner and renter households in Walnut.

Table 14
Housing Problems - City of Walnut

Tenure	Total Number of Households	Hhlds with any housing problem	Overpayment		Overcrowded
			Cost burden > 30%	Cost burden > 50%	> 1.0 person/ room
Owner Households	7,159	51%	46%	16%	12%
Renter Households	710	51%	44%	22%	17%

Source: 1990 Census and CHAS.

Special needs renter households such as seniors and large families often have the greatest cost burden for housing. Approximately one quarter of the City's 208 large family households had a rental cost burden greater than 50 percent. By comparison, 22 percent of all renter households and 16 percent of all owner households had a housing cost burden greater than 50 percent.

2. Future Housing Need

Future housing need refers to the share of the region's housing need that has been allocated to a community. Southern California Association of Governments (SCAG) calculates future housing need based upon household growth forecasts provided by communities, plus a certain amount of units needed to account for normal and appropriate level of vacancies and the replacement of units that are normally lost to conversion or demolition.

In allocating the region's future housing needs to different jurisdictions, SCAG is required to consider various planning considerations in State law (Section 65584). The

planning considerations are as follows: (1) market demand for housing; 2) type and tenure of housing; (3) employment opportunities; (4) commuting patterns; (5) suitable sites and public facilities; (6) loss of assisted multifamily housing; (7) special housing needs; and (8) reduction of impaction of lower income households.

In 1999, SCAG developed its regional housing need assessment based on forecasts contained in the regional transportation plan. This contained Walnut's population, employment and household forecasts from 1998 through the Year 2005. These growth forecasts are the basis for determining the amount of housing demand. Between 1998 and 2005, Walnut's assigned Regional Housing Needs Assessment (RHNA) assumes that total households will increase by 246 for the present Housing Element planning cycle. RHNA housing needs represent goals for growth. The Housing Element must provide adequate land at appropriate densities to facilitate development of housing for all income levels. RHNA allocations are planning goals rather than mandated construction requirements.

Once household growth is determined, SCAG makes an adjustment to allow for a sufficient number of units needed for normal vacancies and replacements for demolitions and conversions. The vacancy and demolition calculations are based upon average rates developed for the San Gabriel Valley. SCAG then applies a "fair share" formula to determine the units to be affordable to State mandated income levels -- very low, low, moderate, and upper income.

After vacancy adjustments and housing unit losses are calculated, Walnut has a total RHNA of 227 units. Table 15 describes Walnut's share of the region's future housing; its total allocation and the relative breakdown by affordability level.

Table 15
Walnut's Draft Regional Housing Needs Assessment (RHNA)

Income Group	Income Limits (2000)	Housing Units	Distribution
Very Low (0-50% MFI)	$26,050	34	15%
Low (51-80% MFI)	$41,700	23	10%
Moderate (81-120% MFI)	$62,500	36	16%
Upper (> 120% MFI)	Not Applicable	134	59%
Total Need		227	100%
Annual Need		30	13%

Source: Southern California Association of Governments, Regional Housing Needs Assessment, Final RHNA (December, 2000).

SECTION III - HOUSING CONSTRAINTS

III. CONSTRAINTS ON HOUSING PRODUCTION

The provision of adequate and affordable housing can potentially be constrained by a number of factors. This section assesses the various market, governmental, and environmental factors that may serve as a potential constraint to housing development and improvement in Walnut.

A. MARKET CONSTRAINTS

The high cost of renting or buying housing is the primary ongoing constraint to providing adequate housing in the City of Walnut. High construction costs, labor costs, land costs and market financing constraints are all contributing to decreases in the availability of affordable housing.

1. Construction Costs

The cost of building materials and labor are major factors associated with the feasibility of constructing new housing units. Residential construction costs range from approximately $62 to $92 per square foot for a single-family home, depending on the materials, amenities and finished details. Although the City has not had any multifamily construction, its costs could range from approximately $59 to $82 per square foot.

A reduction in amenities and the quality of building materials (above a minimum acceptability for health, safety, and adequate performance) could result in lower sales prices. In addition, prefabricated factory-built housing may provide for lower priced housing by reducing construction and labor costs. Another factor related to construction costs is the number of units built at one time. As the number increases, overall costs generally decrease as builders are able to take advantage of the benefits of economies of scale. This type of cost reduction is of particular benefit when density bonuses are used for the provision of affordable housing.

2. Land Costs

A key component of the total cost of housing is the price of raw land and any necessary improvements. Homebuilders typically purchase entitled land, but the cost of infrastructure improvements often exceeds the actual land purchase price. The diminishing supply of land available for residential construction, combined with a fairly high demand for such development, has served to keep the cost of land relatively high, particularly in built-out areas.

Walnut is approaching buildout with little vacant land remaining for residential or other development. Future residential development potential rests upon infill, the recycling of existing sites, and limited remaining vacant land.

The Walnut Hills Project which is expected to start construction in 2001 will include 268 single-family units. Estimated cost for land purchase and infrastructure development is $142,000 per unit.

3. Availability of Mortgage and Rehabilitation Financing

The availability of financing affects a person's ability to purchase or improve a home. Interest rates are determined by national policies and economic conditions, and local governments can do little to affect these rates. Jurisdictions can, however, offer interest rate write-downs to extend home purchasing opportunities to a broader economic segment of the population. In addition, government insured loan programs may be available to reduce mortgage downpayment requirements.

Under the Home Mortgage Disclosure Act (HMDA), lending institutions are required to disclose information on the disposition of loan applications and the income, gender, and race of loan applicants. As shown in Table 16, approximately 72 percent of the 698 applications for conventional mortgage loans to purchase homes in Walnut in 1998 were originated (approved by lenders and accepted by applicants), higher than the nationwide mortgage origination rate of 60 percent. The overall denial rate was 12 percent, while 16 percent of all conventional loan applications were withdrawn, closed for incompleteness, or not accepted by the applicants. At 23 percent, the denial rate for low-income applicants was the highest among the three income groups. However, only 6 percent of applicants for conventional mortgages in Walnut were low-income (<80% MFI) while 14 percent of applicants were moderate income (80-120% MFI), and three-quarters of applicants were upper income (>120% MFI). This reflects the fact that fewer homes on the market are priced at levels affordable to low and moderate income households.

Table 16
Disposition of Home Purchase Loans

Applicant Income	Conventional Loans				Government-Assisted Loans			
	Total Applications	% Originated	% Denied	% Other*	Total Applications	% Originated	% Denied	% Other*
Low-Income (< 80% MFI)	42	61.9%	23.8%	14.3%	5	60.0%	40.0%	0.0%
Moderate-Income (80-119% MFI)	100	74.0%	11.0%	15.0%	12	58.3%	25.0%	16.7%
Upper Income (=/> 120% MFI)	517	73.3%	10.8%	15.9%	11	54.5%	18.2%	27.3%
Not Available	39	56.4%	17.9%	25.7%	0	0.0%	0.0%	0.0%
Total	698	71.8%	12.0%	16.2%	28	57.1%	25.0%	17.9%

Source: Home Mortgage Disclosure Act (HMDA) Data, 1998

* "Other" includes applications approved but not accepted, files closed for incompleteness, and applications withdrawn

Walnut had very few applicants for government-assisted loans, such as FHA, VA and FmHA. The 28 applications for government-assisted loans constitute less than five percent the number of conventional loan applications. Among the applications for government-assisted loans, the origination rates for all income groups were similar, ranging between 54 percent and 60 percent. Because the sample size is so small, it is not practical to make comparison between these groups.

Table 17 shows the disposition of conventional and government-assisted home improvement loans which constituted less than one-third the number of home purchase loans for Walnut. Compared to mortgage loans, home improvement loans were much more difficult to secure, as is typical in most jurisdictions. The overall approval rates for conventional and government-assisted home improvement loans were very low: only 48 percent and 28 percent, respectively. Important factors for determining eligibility for home improvement loans include the amount of owner equity in a property, the current appraised value of the home, and the applicant's household debt.

At the present time, approximately 15 percent of the units are more than 30 years old. An additional 25 percent of the housing stock will reach 30 years of age within the next decade. The City has initiated a local housing rehabilitation program which has developed a lengthy waiting list, confirming the need for rehabilitation of the City's older housing stock. The relatively high denial rates for home improvement loans among low- and moderate-income households support the importance of government sponsored rehabilitation assistance for these households. Increasing the availability of financing sources for households to improve or rehabilitate their homes is important to improving the overall quality of housing in Walnut.

Table 17
Disposition of Home Improvement Loans

Applicant Income	Conventional Loans				Government-Assisted Loans			
	Total Applications	% Originated	% Denied	% Other*	Total Applications	% Originated	% Denied	% Other*
Low-Income (< 80% MFI)	28	32.1%	39.3%	28.6%	6	16.7%	66.7%	16.7%
Moderate-Income (80-119% MFI)	27	48.1%	33.3%	18.5%	10	20.0%	30.0%	50.0%
Upper Income (=/> 120% MFI)	114	49.1%	23.7%	27.2%	27	37.0%	33.3%	29.6%
Not Available	9	77.8%	0.0%	22.2%	2	0.0%	50.0%	50.0%
Total	178	47.8%	26.4%	25.8%	45	28.9%	37.8%	33.3%

Source: Home Mortgage Disclosure Act (HMDA) Data, 1998

* "Other" includes applications approved but not accepted, files closed for incompleteness, and applications withdrawn.

B. GOVERNMENTAL CONSTRAINTS

Housing affordability is affected by factors in both the private and public sectors. Actions by the City can have an impact on the price and availability of housing in the City. Land use controls, site improvement requirements, building codes, fees and other local programs intended to improve the overall quality of housing may serve as a constraint to housing development.

1. Land Use Controls

The Land Use Element of the General Plan sets forth the City's policies for guiding local development and growth. These policies, together with existing zoning regulations, establish the amount and distribution of land uses within the City. The Walnut General Plan provides for four residential land use categories, as shown in Table 18. Densities range from six units per acre in the R-1 zone to 14 units per acre in the R-3 zone, with the majority of the city designated for low density single family development at an average density of 3 units per acre.

Walnut has historically developed as a low density single family community primarily because of the area's severe environmental constraints. A substantial portion of the City contains hillsides in excess of 25%, permitting development in only portions of the community. In addition, the topography and soil conditions combine to create potential for landslides in many of the hillside areas. Other constraints to development include earthquake related hazards, such as groundshaking, lurching and liquefaction which are of particular concern because of the close proximity of the San Jose earthquake fault.

2. Residential Development Standards

In consideration of these constraints, the Walnut Zoning Code provides for residential development in the following zones:

R-1 One-Family Residential (6 du/acre)
RPD Residential Planned Development
R-2 Limited Multiple Residential (11 du/acre)
R-3 Multiple Family Residential (14 du/acre)
C-P, C-1, C-3 Residential development permitted pursuant to Specific Plan

The development standards for these zones are summarized in Table 18. Development densities are regulated by minimum lot size, maximum density, required setbacks and height limits. Multifamily residential zones R-2 and R-3 provide for densities of 11 - 14 units per acre.

All residential zones have a building height limit of 35 feet, providing for up to three-story structures. Minimum lot area, maximum lot coverage, minimum floor area and minimum unit size restrictions further define the maximum building envelope achievable.

In addition to these residential categories, the Walnut Zoning Code also provides opportunities for the integration of single-family residential uses in traditionally commercial areas. The C-1 Light Commercial Zone provides for single family dwelling units as a permitted use. Mobile homes are permitted in the R-1(7200) zone.

Specific Plan Provisions for Affordable Housing

In 1999, the City undertook an analysis of potential sites suitable for development with affordable housing in part to address the Improvement Agency's outstanding affordable housing obligations. Most of what remains in Walnut's residential areas are smaller infill lots, with the most significant vacant property in areas designated for commercial use. The City did not want to simply rezone certain commercial properties to allow for housing projects without an affordable housing component. Therefore, in October 1999, the City Council amended the Land Use Element to allow an option to process a specific plan in the commercial zones provided at least 25% of the units are made affordable to special needs populations. Targeted special needs groups include Seniors, First Time Home Buyers, and Low and Moderate Income Renters.

The specific plan process involves an applicant putting together a concept master plan with a proposed density. Due to significant topographical constraints and high land costs around the City, the specific plan process was left flexible in order to reach densities that would generate the economies necessary to make housing affordable. The Plan provides complete flexibility for establishing the allowed density and development standards for the residential project separate from the Zoning Code. The Snow Creek Village and Walnut Grove Specific Plans have shown that the specific plan process has proven effective in reducing minimum lot sizes, increasing density, and reducing standards such as parking and setback requirements without the requirement for a variance. For example, on the Walnut Grove project, the Specific Plan process enabled the City to provide reduced parking (1.5 spaces per unit), reduced setbacks (15 feet), and higher densities (18 units per acre) than that achievable through the R-3 zoning designation.

The applicant can request to negotiate if the City's Housing Authority will enter into an Owner Participation Agreement (OPA) to assist financially. However, regardless of assistance, the project is still required to provide at least 25 percent of the units at an affordable level.

Based on review by the State Department of Housing and Community Development (HCD), the City's affordable housing requirements within specific plans require clarification to ensure consistency with State density bonus law. Under State law, the City must grant a density increase of at least 25 percent above the maximum allowable zone density, along with one additional regulatory concession, for projects which provide one of the following: a) 20 percent of total units for low income households, b)10 percent of units for very low income households, or c) 50 percent of units for qualifying residents, e.g senior citizens. The City does not currently specify minimum or maximum residential densities in commercial districts, and therefore can not

provide a "density bonus" above the maximum allowable density. In addition, the specific plan affordable housing provisions include low and moderate income renters as a special needs group, whereas density bonus law limits density increases to low and very low income households, with the exception of senior citizens which have no income limitations. In order to resolve these potential inconsistencies, the City will amend the specific plan provisions in the Land Use Element to specify maximum densities in commercial districts and provide greater specificity on affordability requirements consistent with State density bonus law. In addition, when the City expands the specific plan provisions for affordable housing to residential districts, it will likewise ensure consistency with State density bonus law.

Table 18
Residential Development Standards

	R-1			RPD	R-2	R-3
Parcel Size	Varies by Parcel (Refer to City Zoning Map) 7,200-20,000 s.f.			Varies by Parcel 7,200-20,000 s.f.		
Width	Required Area	Minimum Width Interior Lots	Minimum Width Cul-de-Sac and Knuckle Curve Lots	Varies by Parcel.		
	7,700-14,999 s.f. 15,000+ s.f.	60 75	50 60	Zone requirements prior to RPD Zone Change apply.	75 ft.	75 ft.
Depth	Required Area 7,200-14,999 s.f. 15,000+ s.f.	100 120			100 ft.	100 ft.
Front Yard/ Setback	Required Living Area Less than 4,500 s.f. 4,500 s.f.	20 ft. 30 ft.			20 ft.	20 ft.
Rear Yard/ Setback	Required Living Area Less than 4,500 s.f. 4,500 s.f.	5 ft [a] 30 ft. [a]			20 ft.	20 ft.
Side Yard/ Setback	Required Living Area 4,500 s.f. 4,500 s.f.	5 and 12 feet [b] 15 and 10 feet [c]			5 ft.	5 ft.
Lot Coverage	40%			40%	50%	60%
Minimum Floor Area	---			Average Square Footage 3,350	8,000 s.f./du	Bachelor Apt: 550 s.f. 1 Bed: 650 s.f. 2 Bed: 750 s.f. + 100 s.f. for each room
Minimum Lot Area/DU	7,200 s.f.			--	4,000 s.f./du	3,000 s.f./du
Height	35 ft.			Varies by Parcel. Zone requirements prior to RPD zone change apply	35 ft.	35 ft.

(a) Any structure exceeding one story must have at least 25 foot rear yard
(b) Single-family structures with less than 4,500 s.f. of living area shall have a side yard of 5 feet on one side and 12 feet on the other side. The street side of a corner lot shall be 12 feet wide.
(c) Single-family structures with 4,500 s.f. or more of living area shall have a side yard of 15 feet on one side and 10 feet on the other side. The street side of a corner lot shall be 15 feet.
sf = square feet.

Parking

The City's Zoning Ordinance also specifies parking requirements. The City requires two parking spaces for each single-family unit and two and one half parking spaces per unit in an apartment building. Parking facilities must be located on the same lot as the residential unit. Residential parking must be provided in a garage, or as approved by the Planning Commission. Table 19 summarizes residential parking requirements. As stated previously, the City has used the specific plan process to provide reduced parking for affordable housing projects.

Table 19
Residential Parking Requirements

Unit Type	Parking Requirement
Single-family	2 spaces per dwelling unit in a garage.
Apartment houses	Bachelor Apartment (minimum unit size 550 sf) - 2.5 spaces for each unit, in a garage, or as approved by the Planning Commission.
	1-Bedroom Apartment (minimum unit size 650 sf) - 2.5 spaces for each unit, in a garage, or as approved by the Planning Commission.
	2-Bedroom Apartment (minimum unit size 750 sf) - 2.5 spaces for each unit, in a garage, or as approved by the Planning Commission.
Secondary residential units	1 garage parking space in addition to that required for a single-family unit.

Source: Walnut City Code, October,1999.

3. Provisions for a Variety of Housing Types

Housing element law specifies that jurisdictions must identify adequate sites to be made available through appropriate zoning and development standards to encourage the development of various types of housing for all economic segments of the population, including multi-family rental housing, factory-built housing, mobile homes, emergency shelters, and transitional housing. Table 20 summarizes housing types permitted in each of the residential zone districts in Walnut.

In October 1999, the City Council adopted an amendment to the Land Use Element of the General Plan to allow special needs housing within commercially designated property, provided that at least 25 percent of the housing development meets the affordable housing standards and that the project is subject to completion of a Specific Plan:

a. Senior - Detached (Affordable and Market Rate)
b. Senior - Attached (Affordable and Market Rate)
c. Detached Residential including an affordable component (e.g. First-Time Home Buyer)
d. Attached Residential including an affordable component (e.g. San Jose Hills Road)
e. Assisted Living, Skilled Nursing, Congregate Care and other similar facilities

Table 20
Housing Types by Residential Zone Category

Housing Types Permitted \ Residential Zone	R-1	R-2	R-3	RPD	C-P	C-1	C-3
Conventional Single Family	✔	✔	✔	✔	*SP*	✔ *SP*	*SP*
Duplexes		✔	✔		*SP*	*SP*	*SP*
Multi-Family Dwellings			✔		*SP*	*SP*	*SP*
Second Units	✔						
Senior Citizen Housing	✔		*C*	✔	*SP*	*SP*	*SP*
Mobile Homes	✔						
Care Facility: 6 or fewer persons	✔	✔	✔	✔		✔	
Care Facility: 7 or more persons			*C*		*C*	*C*	

Source: Walnut Planning and Zoning Code, 1997 with 1998 and 1999 updates.

✔ = Permitted *C* = Conditionally Permitted *SP* = Specific Plan

Second Units

The Zoning Ordinance permits second dwelling units ("guesthouse" or "second unit") by right in the R-1 zone (sec. 25-26.4). The ordinance defines "guesthouse" as a separate structure with no kitchen facilities; "second unit housing" includes kitchen facilities. Any application for second unit housing or guesthouses is subject to site plan and architectural review by the Planning Commission. Site plan and architectural review is focused on ensuring the addition or detached second unit is built to match the existing building colors and materials, including roofing materials, rooflines and building form. The applicant must be the owner and resident of the main dwelling. No second unit housing is allowed in any residential planned development (RPD) zone unless it has been specifically made part of the conditional use permit (CUP) approval.

The City's current ordinance requires occupants of second unit housing to fall within one of the following categories:

- One or two adults of minimum age sixty who are related to and dependents of the residents of the primary unit;
- Persons who are court-appointed conservatees of a resident of the primary unit;
- Persons who are in-home health care providers to one of the primary residents;

- Persons who are members of a very-low income household and related to the primary unit residents by birth, marriage or adoption;

- Persons who are disabled and are related to the primary unit residents by birth, marriage or adoption.

The following limitations also apply to second unit housing:

- The site must contain an area of at least two times the minimum required lot size and must meet the minimum lot dimensions of the zoning designation.

- No manufactured housing or mobile home may be used for a guesthouse or second unit housing.

- The existing primary dwelling unit must be at least 2,500 square feet in size.

- The second housing unit must be a minimum size of 500 square feet and a maximum size of 800 square feet with more than two bedrooms. Guesthouses have no minimum size, but must not exceed 800 square feet or have more than one bedroom.

- Any lot with a second housing unit must provide at least one additional garage parking space.

In order to better facilitate second units, the Housing Element establishes a program to modify the second unit ordinance to relax certain standards, including occupancy requirements and elimination of the conditional use permit.

Mobile Homes/Manufactured Housing

Pursuant to Section 18551 of the California Health and Safety Code, mobile homes certified under the National Mobile Home Construction and Safety Standards Act of 1974 and placed on a permanent foundation, are permitted in the R-1-7200 zone. There are no existing mobile home parks in the City and there is no provision in the zoning code for mobile home parks.

Multi-Family Rental Housing

Multi-family housing makes up approximately two percent of the housing stock in the City. The Zoning Ordinance provides for multiple family developments in the R-2 and R-3 multiple family residential zones. The maximum dwelling unit densities for these zones are 11 and 14 units per acre, respectively. The Specific Plan process can be used to achieve higher density residential development if at least 25 percent of the housing development meets affordable housing standards. Targeted special needs groups include Seniors, first time Home Buyers, and Low and Moderate Income Renters. The City amended its Land Use Element to facilitate development of special needs housing within commercially designated zones. It is anticipated that an

additional amendment will allow for Specific Plans in residential zones in order to provide flexible development standards, similar to those currently available for commercial zones.

Transitional Housing and Emergency Shelters

Small residential care facilities (for 6 or fewer persons) are permitted in all residential zones. Residential care facilities ("convalescent or rest homes"), including transitional housing, for more than 6 persons are conditionally permitted in the R-3 and C-P zones. The Zoning Code does not specifically identify zones for locations of emergency shelters, although this use could be permitted in the City subject to a conditional use permit. As the City has no known homeless population, there is no unmet need for emergency shelters and there is little likelihood an emergency shelter provider would choose to locate in Walnut.

4. Development and Planning Fees

The City charges various fees and assessments to cover the cost of processing permits and providing certain services and utilities. Table 21 summarizes the City's fee requirements for residential development. Through the policies and programs of the Housing Element, the City proposes to monitor all regulations, ordinances, departmental processing procedures, and residential fees to assess their impact on housing costs, and will offer reduced development fees for the provision of affordable and senior citizen housing.

Fees for processing a specific plan are similar to a conditional use permit at $750. The City has in the past subsidized permit processing fees for affordable housing projects developed through a specific plan, and will add application fees to the list of fees it will subsidize.

In terms of impact fees, the City has adopted in lieu fees for parkland dedication (Ordinance No. 01-01). These fees apply to tract map subdivisions and not to apartment or condominium developments. The amount of the fee is calculated based on the value of the land prescribed by the parkland dedication requirements. The City has no other impact fees.

5. Building Codes and Enforcement

The City of Walnut has adopted the Los Angeles County Building Code (Uniform Building Code). This code is considered to be the minimum necessary to protect the public health, safety and welfare. No local amendment to the code has either been initiated or approved which directly affect housing standards or processes, with one exception. The City has adopted a local fire sprinkler ordinance which requires the installation of automatic sprinkler systems in apartment buildings three or more stories or containing more than 15 dwelling units. Sprinklers add approximately $1.00 to $1.50 per square foot in construction costs.

Table 21
Planning Fee Schedule

Development Process	Related Fee
Planning and Zoning	
Variance	$ 200
Conditional Use Permit	$ 750
General Plan Amendment	$1,000 plus related costs
Zone Change	$1,000 plus $25 for each acre in excess of 10 acres
Subdivisions	
Tentative Tract or Tentative Parcel Map	$ 500 plus $25/lot
Revised Tentative Map	-- After tentative approval, 25% of application & subdivision fee
Miscellaneous Charges for Current Services	
Initial Study	$ 100
Environmental Impact Report (EIR)	City's direct cost plus 25% for administrative costs (applicant to advance a minimum of $5,000)
Site Plan	$ 100 plus $20/lot
Appeals	$ 75
Architectural Review	$ 75
Sign Review	$ 75
Accessory Buildings in Rural Overlay	$ 25

Source: City of Walnut, Subdivision and Zoning Fees, Rev. 3/14/2000.

6. Local Processing and Permit Procedures

Conditional use permits allow unique uses to be constructed in a zone where they are typically not permitted. The process takes approximately 8 weeks in Walnut, however, more involved projects may require further review. Applicants are encouraged to meet with staff early in the design process to discuss potential concerns, however this is not mandatory. Once the applicant has submitted an application, the plans are reviewed by staff and environmental documentation, if necessary, is created. The application then goes to a public hearing with the Planning Commission. With the Planning Commission's recommendation, the application is reviewed by the City Council at a public hearing. The City Council makes the final decision on the proposal.

Tentative Parcel Maps are required for processing new single-family developments. Filing fees are $500 plus $25 per lot. Upon approval of the parcel map, any revisions of the subdivision map cost 25 percent of the application and subdivision fee.

The subdivision process typically takes six months. Similar to a conditional use permit, City staff reviews the subdivision application and environmental documentation is prepared. The plans then go to a public hearing with the Planning Commission for final action on the proposal. However, the City Council may review the proposal if the project involves a subdivision agreement, acceptance of right of way, or dedication of access.

Proposals for single-family residential, infill development usually take only six weeks. After City staff review of the application and drawings by Planning, Building and Engineering, the proposal is forwarded to the Planning Commission for review and public hearing. Since 1981, the City has consolidated the function of a separate Development Review Board with the Planning Commission. The Planning Commission approves, approves with conditions, or denies the application. The applicant can appeal the Commission's decision to the City Council.

Processing for specific plans involves public hearings before the Planning Commission and City Council. In order to expedite the process, the City allows the specific plan, subdivision map, and Owner Participation Agreement to be processed concurrently along with the environmental review. The time involved with processing a specific plan generally takes less time than processing a zone change. The City has in the past provided priority review for specific plans with an affordable housing component, and has formalized this through addition of both a policy and program in the Housing Element.

C. ENVIRONMENTAL CONSTRAINTS

Environmental constraints have generally limited development in Walnut to low density residential uses and small scale commercial projects. Environmental constraints restricting new development include topography, slope stability/landslide hazards, hazards associated with earthquakes, sensitive biological resources, and soil/water contaminants from surrounding landfills.

Large portions of Walnut are covered with major hillsides of 25 percent slope and greater which serve as a significant constraint to development. Development on such severely sloped parcels requires substantial modification to the natural terrain which significantly adds to the cost of development. All remaining large single-family tracts (e.g. Walnut Hills and Marlborough Development) are subject to significant topographical constraints, which preclude their development with higher density development. The target affordable housing sites identified in the Housing Element are all relatively flat, and can more easily accommodate higher density development.

Several areas designated for residential development in Walnut are subject to slope instability and landslide hazards. The Walnut Hills area in the northwest corner of the City has steeply sloping hillsides and experienced some landslides prior to development of the project area. Areas subject to such hazards are required to prepare geotechnical studies to assess potential soil-related constraints such as non-competent surficial units, expansive soils, and liquefaction. Where active landslides are known to exist, actual development is unlikely to occur, and these areas have not been included in the inventory of sites suitable for residential development.

Like much of Southern California, Walnut is subject to earthquakes and the hazards associated with seismic activity, including groundshaking, liquefaction, and lurching.

The fault systems that could pose significant ground shaking in Walnut include the San Jose, Whittier, Sierra Madre-Cucamonga, and San Andreas. The San Jose Fault, located within one mile of the City, poses a significant ground shaking hazard to the community. Two earthquakes have been attributed to this fault since 1988. These earthquakes appear not to have released all of the strain on this fault, and an estimated 6.7 earthquake could be expected (Industry Materials Recovery Facility Draft EIR, 1993). The damage resulting from these faults could be substantial, depending on the duration and magnitude of the earthquake.

Liquefaction occurs when water saturated soils undergo extreme ground shaking and the soil liquefies as a result. Soils in the Walnut area include both alluvial and colluvial deposits, and the Puente Formation (siltstone, shale and sandstone). The alluvial and colluvial deposits underlying the area may have the potential to liquefy since ground water in the area is reportedly within zero to fifty feet of the ground surface.

Another earthquake associated hazard possibly affecting the City is ground lurching. Lurching occurs when ridges or cracks form on the ground surface, as a result of a wave-like motion. Areas underlain by colluvial soils may be susceptible to ground lurching.

In addition to these hazards, Walnut's undeveloped hillside and open space areas contain a variety of biological resources serving as an additional constraint to development. The largest remaining vacant parcel, the proposed Walnut Hills site, contains several sensitive species, including cactus, wren, eagle, native oaks, and native walnuts. In addition, the site contains the natural habitat of the loggerhead shrike. Prior to project development in sensitive areas, site inventories of plant and animal species are generally required. Such surveys add both to project cost, and may require portions of the project site to remain in open space where sensitive plant or animal species are identified.

In addition to natural hazards, the BKK Landfill is located on the City's western border adjacent to the Walnut Hills development. BKK is currently a Class III, non-hazardous, landfill. The landfill no longer accepts Class I (hazardous waste) materials and a closure plan has been approved and is being implemented for the Class I portion of the landfill. A number of on and off site contaminants have been discovered including volatile organic compounds, semi-volatile organic compounds, nitrates, sulfides, and various metals. In recognition of City and State concerns, the Walnut Hills development has incorporated a 3,000 foot setback from BKK Landfill and plans include a golf course in this buffer area.

Spadra Landfill is located adjacent the City's eastern border. Spadra is a Class II facility, accepting non-hazardous solid and inert wastes. No setbacks or other restrictions are associated with this landfill.

D. INFRASTRUCTURE CONSTRAINTS

Another factor adding to the cost of new construction is the cost of providing adequate infrastructure--major and local streets; curbs, gutters, and sidewalks; water and sewer lines; storm drains; and street lighting--which is required to be built or installed in new development. In most cases, these improvements are dedicated to the City, which is then responsible for their maintenance. The cost of these facilities is borne by developers, is added to the cost of new housing units, and eventually is passed on to the homebuyer or property owner.

An extensive infrastructure system is already in place in the developed portions of Walnut. Discussions with the City Engineer indicate water and sewer lines and storm drains are relatively new and in good condition in the City, and can accommodate additional development proposed under the General Plan.

In the undeveloped hillside areas in Walnut, water and sewer lines will need to be extended to support development. However, no infrastructure extension was needed for the Walnut Hills Development which abuts existing water and sewer lines.

SECTION IV - HOUSING RESOURCES

IV. HOUSING RESOURCES

Various resources available for the development, rehabilitation, and preservation of housing are available in Walnut. The section begins with an overview of the availability of land resources or residential sites for future housing development, and an evaluation of the City's ability to provide adequate sites to address the its identified share of future housing needs. This section also presents the financial resources available to support the provision of affordable housing in the community, and specifically identifies funding amounts for redevelopment set-aside, CDBG and HOME funds available during the five year planning period. Finally, the section concludes with a discussion of opportunities for energy conservation.

A. AVAILABILITY OF SITES FOR HOUSING

An important component of the Housing Element is the identification of sites for future housing development, and evaluation of the adequacy of these sites in fulfilling the City's share of regional housing needs (as determined by SCAG). Table 22 shows the City's residential development potential. Figure 11 identifies the general location of vacant and underutilized sites available for residential development.

Commercially Designated Sites

In October 1999, the City Council approved a General Plan Amendment which amends the Land Use Element to allow for special needs housing within commercially designated property, provided that at least 25 percent of the housing development meets affordable housing standards, and that the project is subject to completion of a Specific Plan. Targeted special needs groups include Seniors, First Time Home Buyers, and Low and Moderate Income Renters. (Use of the Specific Plan as a tool to facilitate development of special needs housing is discussed in Section 5.) Through use of the Specific Plan process, approximately 538 to 601 dwelling units could be developed on commercially designated sites in Walnut, including 221 units targeted to low and moderate income households. Two affordable projects are currently underway in the commercial zone - Snow Creek Village and Walnut Grove - and are described in detail along with other target affordable housing sites later in this section.

Residentially Designated Sites

All remaining residentially zoned properties in Walnut are designated R-1 single-family residential, and are located in hillside areas. The steep topography of these parcels limit their development potential to lower intensity residential uses. Several R-1 areas are subject to significant landslide hazards, and have not been included in this analysis of development potential. One large residential tract is in final planning stages: Walnut Hills, providing 268 new single-family units.

In addition to Walnut Hills, several small scattered R-1 infill parcels, particularly in West Walnut, provide some additional development potential, represented by sites #8, #9 and #10. And a significant hillside residential parcel totaling nearly 100 acres owned by Cal Poly Pomona (site #11) provides potential for development of faculty

and student housing (described in detail under Target Affordable Housing sites). In aggregate, approximately 790 - 1,290 additional dwelling units can be developed on residentially designated properties in Walnut.

Figure 11 Housing Opportunity Areas

Table 22
Vacant Sites Suitable for Residential Development

Site Location	Site Area (acres)	Anticipated Density	Potential Units	
			Total	Affordable
Commercially Zoned Sites				
1. Snow Creek Village: East and West of Grand Avenue between La Puente Road and Valley Blvd. - Senior Housing - Assisted Care Facility	 14.2 ac 5.8 ac	 4.5 du/ac N/A	 64 units 120 Beds	 8 (mod inc) 60 (beds)
2. Walnut Grove project: West side of Francesca between Amar Road and Nogales Street.	6.26 ac	18 du/ac	108 condos	108 (34 very low, 34 low, 40 mod inc.)
3. San Jose Hills Road - adjacent to Shadow Springs Apartment at 20700 San Jose Hills Road.	2.67 ac	25-30 du/ ac	66 - 80	18
4. Pierre/Valley	10 ac	7-15 du/ ac	70 - 150	27
5. Valley Boulevard east of Grand - Upper area - Lower Area	 38.6 ac 10.0 ac	 N/A 20 - 25 du/ac	 21 units 200 - 250	 56
6. Valley/Castlehill	1.8 ac	5 - 10 du/ac	9 - 18	4
Subtotal - Commercial Sites	89.3 ac		538 -601	221
Residential Sites				
7. Walnut Hills Project: North side of Amar	551.4 ac	0.8 du/ac	* 268	0
8. Gartel Drive	25.6 ac	N/A	10	0
9. Avenida Esplandor	2.52 ac	2.8 du/ac	7	1
10. Camino des Rosa	0.89 ac	5.6 du/ac	5	5
11. Cal Poly Pomona site	98.6	25-30 du/ac	500 - 1,000	min. 25%
Subtotal - Residential Sites	458.6 ac		790 - 1,290	to be determined
TOTAL DEVELOPMENT POTENTIAL	***547.9 ac***		***1,328-1,891***	***221 - 480***

Note: (*) Walnut Hills is in final entitlement negotiations with the City; zoned density for the site is 0.6 DU per acre which would allow 199 units.
Source: City of Walnut Planning Department and Cotton/Bridges/Associates, Inc.

As shown in Table 22, the City can accommodate over 1,300 net new dwelling units based on existing zoning and General Plan, as well as use of the Specific Plan process to achieve higher density for affordable housing on identified sites.

Target Affordable Housing Sites

The residential sites inventory depicted in Table 22 and Figure 11 contain several key sites whose location and topography make them suitable for higher density and affordable housing. Each of these sites would be developed through a specific plan process to provide greater flexibility in development standards, and to ensure a minimum of 25% of the units be made affordable.

Senior Housing: As described in the earlier section on special housing needs, Walnut has experienced a dramatic increase in its senior citizen population, and can expect to continue to evidence significant increases in seniors as households in the 55-64 year age cohort "age in place". The Community Survey conducted in Spring 2000 indicated that most residents believe additional individually owned senior units are needed in Walnut; residents also indicated a need for assisted living facilities. The City currently has an interest list for senior housing of over 600 seniors, including 200 seniors currently residing in Walnut. In response to this need, the Walnut Improvement Agency is currently assisting in the development of two senior housing projects:

> **Snow Creek Village** (site #1) is being developed on approximately 20 acres of commercially designated land on Grand Avenue between La Puente Road and Valley Boulevard. The project includes two distinct components: 64 single-family detached units for independent seniors, and a 120 bed assisted living facility. Through use of a specific plan, reduced lot sizes and setbacks have been provided for the single-family units. The Walnut Improvement Agency is providing financial assistance to buy down the cost of 8 of the single-family homes for moderate income seniors, as well as half of the assisted living beds (60 beds) for moderate income households.
>
> **Walnut Grove** (site #2) is a 108 condominium project for seniors being developed on 6 acres of commercial property on Francesca Street. The Walnut Improvment Agency is providing financial assistance to provide 34 of the units for very low income households, 34 for low income households, and the remaining 40 for moderate income households. Through the specific plan process, the City was able to provide reduced parking (1.5 spaces per unit with 1 covered, compared to the standard zoning requirement for 2 covered spaces per unit), as well as reduced setbacks (15 versus 20 feet). In addition, at 18 units/acre, the project density is above the maximum that would be permitted under R-3 development standards.

Multi-family Housing: While the magnitude of lower income housing needs is relatively minor in Walnut in comparison to most communities, the Census does indicate over 300 non-senior renter households in the City are spending greater than 30 percent of income on housing costs. In addition, Cal Poly Pomona located immediately adjacent the City and Mount San Antonio College located within Walnut generate demand for affordable housing from students, faculty and staff. The City can help address these needs by providing expanded opportunities for multi-family housing, and has identified the following target affordable housing sites as part of the Housing element sites inventory:

Cal Poly Pomona (site #11) owns 98 vacant acres in the northeastern portion of the City. The school president has approached the City regarding development of the site with faculty and student housing. Cal Poly has had difficulty in recruiting new faculty in recent years due to the high cost of housing in the area. In addition, they face a significant shortage of housing both on campus and in the near vicinity for their growing student population. As the site has good access to the Cal Poly campus, the City feels a higher density project could be supported in this location. Given the hilly topography on portions of the site, the City generally estimates that two-thirds of the site is developable (60 acres). At a density of 30 units/acre, a minimum of 500 - 1,000 units could be developed. The site is currently zoned R-1, and similar to Snow Creek Village and Walnut Grove, would be accommodated through a specific plan process in exchange for affordability controls on a minmum of 25% of the units.

A **2.7 acre vacant commercial parcel exists on San Jose Hills Road** (site #3), adjacent to the existing Shadow Springs Apartments. The City's goal is to substantially rehabilitate the Shadow Springs apartments and place affordability covenants on the units, and link these apartments with a new affordable development on the adjacent vacant parcel. The parcel can accommodate 66 to 80 new units. To develop this site with housing under a specific plan, a minimum of 25% of the units would need to be affordable, or approximately 18 units affordable to low and moderate income families.

A **10 acre vacant commercial parcel exists at Pierre & Valley** (site #4), providing potential for 70-150 units. With 25% affordability under the specific plan, a minimum of 27 units would be made affordable. Potential contsraints to development of this site include significant grading and improvements to Valley Boulevard, which is under the jurisdiction of the County. The Walnut Improvement Agency may provide assistance both with Valley Boulevard improvements, as well as first-time homebuyer assistance.

A **48.6 acre vacant commercial site exists at Valley Boulevard east of Grand** (site #5). This site consists of 3 separate parcels, one under ownership by the City of Industry, which controls access to the other 2 parcels. The hilly upper portion of this site encompasses 38.6 acres, providing potential for 21 units, whereas the lower 10 acres is relatively flat and can accommodate densities of 25 units/acre, or 225 units. With 25% of these multi-family units affordable, an estimated 56 affordable family units could be accommodated on this site.

A **0.9 acre vacant R-1 site exists at Camino de Rosas** (site #10) in West Walnut. The Walnut Housing Authority owns this site and has expressed interest in building homes and providing assistance through the First-time Homebuyer Program. The zoning on this site is currently R-1 15,000, but a specific plan could allow approximately five homes to be developed on this site.

Comparison of Site Inventory with RHNA

Walnut has a regional housing growth need (RHNA) of 227 new units for the 1998-2005 period. Given that the City can accommodate residential growth of over 1,300 units, it can certainly accommodate 227 units in this period. The more important issue, however, is whether the City has adequate sites for the provision of units for

very low-, low-, and moderate-income households. In general, the following general affordability and development density guidelines can be used to evaluate the adequacy of available sites to fulfill the city's share of regional housing needs:

- Very Low-Income - 25 du/ac
- Low-Income - 18 du/ac
- Moderate-Income - 8 du/ac

Housing units built in Walnut since January 1998 can be subtracted from the City's RHNA. During the period January 1998 through July 2000, a total of 36 housing units were constructed in the City. Most of these units have been custom homes selling for $500,000 or more and would therefore count only as "above moderate income" units. Thus, the RHNA figures for the City can be adjusted to the following:

Table 23
1998-2005 Regional Housing Growth Needs compared to Units Constructed Between January 1998 and July 2000

Income Category	Regional Housing Needs (RHNA)	Number of New Units Constructed	Remaining Units Needed
Very Low	34	0	34
Low	23	0	23
Moderate	36	0	36
Above Moderate	134	36	98
Total	227	36	191

Sources: 1999 SCAG Regional Housing Needs Assessment
Community Development Department, City of Walnut, 2000

Given the City's zoning designations and the maximum allowable densities and based on HCD's density thresholds, units affordable to very low-income and low-income would need to be located in Specific Plan areas which could provide adequate density. As displayed in Table 22, a total of 538 to 601 units could be accommodated in commercial areas by utilizing the Specific Plan mechanism which allows planning flexibility and greater density in exchange for 25 percent affordable units. Through the Walnut Grove and Snow Creek specific plans, the Agency is assisting in providing 34 units of very low income housing, 34 units of low income housing, and 48 units of moderate income housing, fulfilling the City's affordable housing requiremetns under the RHNA. Furthermore, the Cal Poly Pomona site offers significant potential for development of more than 500 - 1,000 units to address the growing housing needs of students and faculty. And with the 268 Walnut Hills project, along with the balance of single-family residential sites, the City also has adequate residential development capacity to address its remaining above moderate-income housing need for 98 units.

Availability of Public Facilities and Services

As a highly urbanized community, public facilities are available to support residential development throughout Walnut. The majority of land designated for residential use is already served by sewer lines, water lines, streets, storm drains, telephones, electrical and gas lines. However, infrastructure will need to be extended to hillside

areas, adding substantially to the cost of development (refer to discussion under Infrastructure Constraints). The Cal Poly Pomona site, for example, will need to connect infrastructure in through the University, due to topographical constraints through Walnut. Other target sites for affordable housing are, however, within urbanized portions of the City, and are not faced with such infrastructure constraints.

B. FINANCIAL RESOURCES

The City has access to a variety of existing and potential funding sources available for affordable housing activities. They include programs from local, state, federal and private resources. The following section describes the three most significant housing funding sources currently available in Walnut: redevelopment set-aside funds, Community Development Block Grant (CDBG) Funds, *In Lieu* Fee Revenues, and City of Industry Set- Aside Funds. Table 24 summarizes these and additional funding sources available to support in implementing the City's housing program activities.

1. Redevelopment Housing Set-Aside

Redevelopment housing set-aside funds are one of the primary sources of financing used for the preservation, improvement, and development of affordable housing. As required by the California Redevelopment Law, Walnut's Redevelopment Agency sets aside 20 percent of all tax increment revenue generated from the redevelopment project area for the purpose of increasing and improving the community's supply of housing for low- and moderate-income households. This set-aside is placed in a separate Low- and Moderate-Income Housing Fund.

Housing units developed using the Agency's housing set-aside funds must remain affordable to the targeted income group for the longest feasible period of time and not less than 15 years for rental housing and 10 years for ownership housing. However, there are provisions that allow for a term of less than 10 years if the Agency receives a fair return on invested funds.

The Walnut Improvement Agency adopted the Improvement Area (Redevelopment Project Area) in 1981. The Improvement Area encompasses the majority of the City's jurisdiction, with the exception of west Walnut. Until 1992, the Agency had adopted findings (pursuant Section 33334.2(a)2 of the Health and Safety Code) to set-aside less than 20 percent of tax increment revenue towards low and moderate income housing based on a determination that a lesser allocation was adequate to meet the community's housing needs.

As of June 30, 2000, there was a fund balance of $1,545,636 in the low and moderate income housing fund. It is anticipated that $800,000 will be deposited annually over the next five years for a total of $5,545,636 (including fund balance) to be available for affordable housing programs. The authority also holds title to property held for resale for affordable housing projects. This includes the Walnut Senior Housing Project (purchased for $2.0 million) and the 6.5-acre site for the proposed Snow Creek development (purchased for $1.7 million). Given the level of affordable housing production needed over the next five years, and the limited funds available to meet the production needs, additional funding sources will be required.

2. Community Development Block Grant (CDBG) Funds

Through the CDBG program, the federal Department of Housing and Urban Development (HUD) provides funds to local governments for funding a wide range of community development activities for low-income persons. The CDBG program provides formula funding to larger cities and counties, while smaller cities (less than

50,000 population) generally compete for funding that is allocated to and administered by the state or county. Walnut receives its allocation of CDBG funds, approximately $230,000 per year, through the Los Angeles County Housing and Community Development Department.

The CDBG program is very flexible in that the funds can be used for a wide range of activities. The eligible activities include, but not limited to: acquisition and/or disposition of real estate or property, public facilities and improvements, relocation, rehabilitation and construction (under certain limitations) of housing, homeownership assistance, and clearance activities. The City currently allocates most of its CDBG funds to programs and services with less than 10 percent designated for housing activities.

3. *In Lieu* Fee Revenues

There will also be additional housing funds generated by the *in lieu* fees to be paid by Standard Pacific for the 40 affordable units required as inclusionary housing in the Walnut Hills development. The Agency has discussed leveraging these funds with other public monies (such as City of Industry Redevelopment Set-aside) to make significant monies available to sponsor an affordable housing project.

4. City of Industry Set-Aside

As a predominantly industrial community, the City of Industry is permitted under Senate Bill 1718 to expend its housing set-aside funds on affordable housing within a 15 mile radius from the corporate limits of the City of Industry. The City of Industry Housing Fund is administered by the Los Angeles County Community Development Commission. A high priority for the use of City of Industry Housing Funds is housing for special needs populations. Funds may also be used to produce and preserve affordable housing for family and senior households earning less than 80 percent AMI. For the period 1998 through 2001, approximately $8.0 - $10.0 million will be contributed to the housing fund on an annual basis. Housing developers can apply to the County for competitive funding, with two funding rounds per year. Note, however, that City of Industry Set-Aside funds cannot be used to fulfill Redevelopment Agency inclusionary or replacement housing obligations within the City of Walnut, and that these funds are issued in the form of a loan which must be repaid.

5. State Housing Funds-Governor's Special Allocation

The Governor's 2000 budget includes $500 million in funding for a variety of housing programs which include Building Code/Housing Enforcement, Ownership Housing, and Development Incentives. The most heavily funded programs include Rental Housing ($177 million), Community Amenities/Development Incentives ($110 million), Ownership Housing ($100 million), and Emergency Housing Assistance ($32 million).

Table 24
Financial Resources Available for Housing Activities

Program Type	Program Name	Description	Eligible Activities
1. Federal Programs	Community Development Block Grant (CDBG)	As a participating City in Urban LA County, grants are allocated directly to the City on a formula basis for housing and community development activities.	• Acquisition • Rehabilitation • Homebuyer assistance • Economic development • Homeless assistance • Public services
	Home Investment Partnership Act (HOME)	Funding used to support a variety of County housing programs to the City has access. Funds are used to assist low-income households.	• New construction • Acquisition and Rehabilitation • Homebuyer assistance • Tenant-based assistance • Planning
	Section 8 Rental Assistance Program	Rental assistance payments to owners of private market rate units on behalf of very low income tenants.	• Rental assistance
	Emergency Shelter Grants (ESG)	Grants used to improve the quality of existing emergency shelters and to increase the number of sites for shelter development.	• Renovation • Conversion of buildings • Rehabilitation • Operating costs
	Section 202	Grants to non-profit developers of supportive housing for the elderly.	• Acquisition • Rehabilitation • New construction • Rental assistance • Support services
	Section 108 Loan	Provides loan guarantee to CDBG entitlement jurisdictions for pursuing large capital improvement projects. Jurisdictions must pledge its future CDBG allocations for repayment of the loan. Maximum loan amount can be up to five times the entitlement jurisdiction's most recent approved annual allocation. Maximum loan term is 20 years.	• Acquisition • Rehabilitation • Homebuyer assistance • Economic development • Homeless assistance • Public services
2. State Programs	Mortgage Credit Certificate (MCC) Program	Income tax credits available to first-time home buyers for the purchase of new or existing single family housing. Local agencies make certificates available.	• Home Buyer Assistance
	California Housing Finance Agency (CHFA) Home Mortgage Purchase Program	CHFA sells tax exempt bonds for below market rate loans to first-time homebuyers. Program operates through participating lenders who originate loans for CHFA purchase.	• Home Buyer Assistance

Table 24
Financial Resources Available for Housing Activities
(continued)

Program Type	Program Name	Description	Eligible Activities
2. State Programs (continued)	California Housing Finance Agency (CHFA) Multiple Rental Housing Programs	Below market rate financing offered to builders and developers of multi-family and elderly rental housing. Tax exempt bonds provide below-market mortgage money.	• New Construction • Rehabilitation • Acquisition
	Low Income Housing Tax Credit (LIHTC)	Tax credits available to individuals and corporations that invest in low-income rental housing. Tax credits sold to people with high tax liability, and proceeds are used to create housing.	• New Construction • Rehabilitation • Acquisition of properties from 20 to 150 units
	Downtown Rebound	Funding to facilitate infill development and conversion of commercial buildings to "live-work" spaces.	• Rehabilitation • Conversion
3. Local Programs	Redevelopment Housing Set-Aside Funds	20 percent of Agency tax increment funds are set-aside for affordable housing activities.	• New Construction • Rehabilitation • Acquisition
	In-lieu Fees	The City requires developers to set-aside a portion of units affordable to lower-income households or pay an in-lieu fee. These monies are earmarked to support the construction of new affordable housing.	• New Construction
4. Private Resources/ Financing Programs	Federal National Mortgage Association (Fannie Mae)	Loan applicants apply to participating lenders for the following programs: fixed rate mortgages issued by private mortgage insurers; mortgages which fund the purchase and rehabilitation of a home; low down-payment mortgages for single-family homes in underserved low-income and minority communities.	• Homebuyer assistance • Rehabilitation
	California Community Reinvestment Corporation (CCRC)	Non-profit mortgage banking consortium designed to provide long term debt financing for affordable multi-family rental housing. Non-profit and for profit developers contact member banks.	• New Construction • Rehabilitation • Acquisition

Table 24
Financial Resources Available for Housing Activities
(continued)

Program Type	Program Name	Description	Eligible Activities
4. Private Resources/ Financing Programs (continued)	Federal Home Loan Bank Affordable Housing Program	Direct subsidies to non-profit and for-profit developers and public agencies for affordable low income ownership and rental projects	• New Construction
	Low Income Housing Fund (LIHF)	Non-profit lender offering below market interest, short term loans for affordable housing in both urban and rural areas. Eligible applicants include non-profits and government agencies.	• Redevelopment costs • Site acquisition • Construction • Rehabilitation
	Private Lenders	The Community Reinvestment Act (CRA) requires certain regulated financial institutions to achieve goals for lending in low- and moderate-income neighborhoods. As a result, most of the larger private lenders offer one or more affordable housing programs, including first-time homebuyer, housing rehabilitation, or new construction assistance.	• Varies, depending on individual program offered by bank

C. OPPORTUNITIES FOR ENERGY CONSERVATION

Utility-related costs can directly impact the affordability of housing in Southern California. To help control utility costs, Title 24 of the California Administrative Code sets forth mandatory energy standards for new development, and requires adoption of an "energy budget". In turn, the home building industry must comply with these energy standards while localities are responsible for enforcing the energy conservation regulations.

The following are among the alternative ways to meet these energy standards. Alternative 1: The passive solar approach which requires proper solar orientation, appropriate levels of thermal mass, south facing windows, and moderate insulation levels. Alternative 2: Generally requires higher levels of insulation than Alternative 1, but has no thermal mass or window orientation requirements. Alternative 3: Also is without passive solar design but requires active solar water heating in exchange for less stringent insulation and/or glazing requirements.

Additional opportunities for energy conservation include the following techniques: (1) locating the structure on the northern portion of the sunniest portion of the site; (2) designing the structure to admit the maximum amount of sunlight into the building and to reduce exposure to extreme weather conditions; (3) locating indoor areas of maximum usage along the south face of the building and placing corridors, closets, laundry rooms, power core, and garages along the north face; (4) making the main entrance a small enclosed space that creates an air lock between the building and its exterior; orienting the entrance away from prevailing winds; or using a windbreak to reduce the wind velocity against the entrance.

Southern California Edison Customer Assistance Program

Southern California Edison (SCE) offers a variety of energy conservation services under Customer Assistance Programs (CAP). These services are designed to help low-income households, senior citizens, permanently disabled, and non-English speaking customers control their energy use. All CAP participants must meet the federally-established income guidelines. Most of the services offered are available free of charge.

Southern California Gas Company Involvement Program

The Southern California Gas Company offers an energy conservation service known as the Community Involvement Program (CIP). Provided free of charge, this service provides weatherization for the homes or apartments of low-income families, provided they meet the federally-established income guidelines.

Section V - Housing Plan

V. HOUSING PLAN

Chapters I to IV of the Housing Element establish the housing needs, opportunities and constraints in Walnut. The following Housing Plan section first evaluates the accomplishments of the last adopted housing element and then presents the City's five-year housing plan. This plan chapter sets forth the City's goals, policies, and programs to address Walnut's identified housing needs.

A. GOALS AND POLICIES

The goals and policies of the Housing Element presented in the following section address Walnut's identified housing needs and are implemented through a series of housing programs offered through the Planning Department. Within this overarching goal, the city has established discrete goals and policies to address the development, maintenance and improvement of housing.

PROVISION OF ADEQUATE SITES

A key element in satisfying the housing needs of all segments of the community is the provision of adequate sites for housing of all types, sizes, and prices. This is an important function of both the zoning ordinance and general plan and is supported through the Housing Element's programs.

GOAL 1: Provide adequate sites for residential development.

Policy 1.1: Facilitate the development of vacant and underutilized parcels identified in the Housing Element residential site inventory.

Policy 1.2: Update the Agency's Affordable Housing Strategy which identifies specific implementation strategies and financing mechanisms to achieve the development of target affordable housing sites.

Policy 1.3: Encourage the development of affordable multi-family/senior citizen housing to address the needs of the City's lower income households and increasing elderly population.

Policy 1.4: Maintain an up-to-date inventory of sites suitable for residential development and provide this information to residential developers and the real estate community.

HOME OWNERSHIP

The option of homeownership has become a privilege in Southern California which is often not available to low and even moderate income households or potential first time homebuyers. The City established a first time homebuyer program in 1998.

GOAL 2: Provide increased opportunities for home ownership.

Policy 2.1: Continued implementation of a local first-time homebuyer program to assist low and moderate income households to purchase housing in Walnut.

Policy 2.2: Continue to participate in first-time homebuyer programs administered through the County of Los Angeles Community Development Commission.

MAINTENANCE AND PRESERVATION OF HOUSING

The majority of housing in Walnut is in satisfactory condition. However, a survey of housing conditions reveals a number of older neighborhoods that contain units which require substantial repairs. As the City's housing stock continues to age, on-going maintenance is vital to prevent further deterioration.

GOAL 3: Maintain and enhance the quality of existing residential neighborhoods in Walnut.

Policy 3.1: Continued implementation the City's residential rehabilitation program. Concentrate future outreach efforts in identified focus neighborhoods.

Policy 3.2: Continue to utilize the City's code enforcement program to bring substandard units into compliance with City codes and to improve overall housing conditions in Walnut.

HOUSING OPPORTUNITIES

The Housing Element seeks to expand the range of housing opportunities provided in Walnut, including the housing for senior citizens on fixed incomes, low and moderate income residents, and college faculty, staff and students.

GOAL 4: Encourage the adequate provision of affordable housing to meet the existing and future needs of Walnut residents.

Policy 4.1: Provide a variety of residential opportunities in the City including low density single-family homes, multi-family developments for families and senior citizens.

Policy 4.2: Facilitate the development of low and moderate income housing through the Specific Plan process in both commercial and residential areas in order to provide flexible development standards and increased density.

Policy 4.3: Require large scale development projects within Redevelopment Project Areas to integrate affordable housing units into the project, or pay an *in lieu* fee for development of affordable units at another site.

Policy 4.4: Encourage both the private and public sectors to produce or assist in the production of housing with particular emphasis on housing affordable to lower income households, as well as the needs of the handicapped, elderly, large families, and female-headed households.

Policy 4.5: Encourage the development of residential units that are accessible to handicapped persons or are adaptable for conversion to residential use by handicapped persons. Offer priority for rehabilitation assistance to disabled homeowners for unit modifications to improve accessibility.

REMOVAL OF CONSTRAINTS ON HOUSING DEVELOPMENT

Governmental and non-governmental constraints to development can impede both the supply and affordability of housing. Certain governmental constraints can be minimized to facilitate new construction.

GOAL 5: Minimize governmental constraints on housing development.

Policy 5.1: Continue to allow manufactured housing and mobile homes on land designated R-1 (7,200).

Policy 5.2: Continue to use Specific Plans as a mechanism to encourage the development of affordable housing by providing flexible development standards and increased density. Amend the Land Use Element to allow for Specific Plans in residential zones in order to provide flexible development standards.

Policy 5.3: Monitor all regulations, ordinances, departmental processing procedures and fees related to the rehabilitation and/or construction of dwelling units to assess their impact on housing costs.

Policy 5.4: Provide priority processing and reduced development fees for specific plans with an affordable housing component.

ACCESSIBILITY OF HOUSING

In order to make adequate provision for the housing needs of all segments of the community, the City must ensure equal and fair housing opportunities are available to all residents.

GOAL 6: Promote equal opportunity for all residents to reside in housing of their choice.

Policy 6.1: Continue to enforce fair housing laws prohibiting arbitrary discrimination in the building, financing, selling or renting of housing on the basis of race, religion, family status, national origin, physical handicap or other such circumstances.

Policy 6.2: Direct persons with fair housing complaints to the appropriate Agency for investigation and resolution.

B. EVALUATION OF ACCOMPLISHMENTS UNDER ADOPTED HOUSING ELEMENT

State Housing Element law requires communities to assess the achievements under adopted housing programs as part of the five year update to their housing elements. These results should be quantified where possible (e.g. rehabilitation results), but may be qualitative where necessary (e.g. mitigation of governmental constraints). These results then need to be compared with what was projected or planned in the earlier element. Where significant shortfalls exist between what was planned and what was achieved, the reasons for such differences must be discussed.

The City last adopted a Housing Element in 1981. Walnut's prior Housing Element had been adopted in 1981. In summary, given the 19 years which have lapsed since establishment of the 1981 Housing Element, many of the Element's specific program actions are no longer relevant. However, the Element's overall intent of providing for housing improvements, adequate residential sites, and housing for all economic segments remain highly appropriate for the current Housing Element. Establishment of the Walnut Improvement Agency provided a major new source of funds which will allow the City to more aggressively pursue these goals. The Walnut Housing Authority was created in 1996. More recently, the City established two new housing programs in 1998: a First Time Homebuyer Program and a Housing Rehabilitation Program.

Review of the 1981 Housing Element

The Walnut 1981 Housing Element contains a series of housing programs with related quantified objectives for the following topic areas: Housing Improvement, Provision of Adequate Sites, and Provision of Housing to all Economic Segments. The following section reviews the progress in implementation of these programs, the effectiveness of the element, and the continued appropriateness of identified programs. The results of this analysis will provide the basis for developing the comprehensive housing program strategy presented in the final section of Housing Element.

Action #1: *Commence initial steps to the end of creating a Walnut Improvement Agency*

The Walnut Improvement Agency was formed in 1981. Based on the success of the Redevelopment Project area, annual contributions to the Low and Moderate Housing Fund have risen to $800,000. As of June 30, 1999 the current balance in the low/moderate housing set-aside fund was $3.6 million. The Agency utilizes housing fund monies to support a variety of housing activities, including homeownership assistance, rehabilitation, and production of new affordable housing.

Action #2: *Continue to utilize Section 8 - Rent Supplement.*

Numerous single-family rentals in Walnut are occupied by Section 8 tenants, although the one apartment project in the City does not accept

Section 8. As of July 2000, Walnut had 12 renter households which received Section 8 rental assistance. Continuation of this program in Walnut is appropriate to provide affordable rental housing to very low income households.

Action #3: *Pursue Section 312 and Marks-Foran Bonds to upgrade existing housing which may not meet code requirements.*

Section 312 and Marks-Foran Bonds are no longer in existence and are therefore not appropriate for the updated Housing Element. Until recently, the City utilized County CDBG funds to operate a limited housing rehabilitation program. In 1999, the city established an expanded single-family rehabilitation program using Redevelopment Set-Aside funds.

Action #4: *Develop an occupancy inspection ordinance for City inspection of a dwelling upon sale to determine if the structure is to code.*

In 1986, the Walnut City Council directed staff to review the establishment of an ordinance requiring disclosures of any defects to ensure buyer awareness for all residential resales, and facilitate necessary unit upgrading prior to turnover in occupancy. The City Attorney subsequently drafted an ordinance for review by City Council. However, prior to adoption of the ordinance, State law took effect which requires disclosures for housing resales, thereby preempting such a local ordinance, and rendering this program no longer appropriate for the Element. The City of Walnut Building and Safety Department now distributes forms at the public counter to notify prospective homebuyers of the availability of *private* inspections to identify deficiencies and recommend upgrades to houses.

Action #5: *Conduct a "windshield survey" to determine which dwellings have potential maintenance problems, such as roofing, missing siding, broken windows, etc.*

In February 1992, a windshield survey was conducted by County CDBG officials and City staff of targeted residential areas which may potentially qualify for CDBG expenditures. The areas bordering Paseo de Sevilla, Castlehill Drive and Camino de Teodoro were surveyed, and all appeared to meet the CDBG eligibility criteria for unit upgrading. CDBG officials recommended that an additional, in-depth survey be conducted of these areas to confirm eligibility for CDBG funds under the Los Angeles County Community Development Commission's neighborhood slum and blight criteria.

In 1993, a more comprehensive survey was conducted of older residential neighborhoods for purposes of identifying target areas for a rehabilitation program. In conjunction wth the City's 1999 housing rehabilitation program, City code enforcement officers identified focus areas for single family rehabilitation programs.

The County rehabilitation program using CDBG funds was limited to households at or below 80 % AMI and thus had very limited usage by Walnut residents. The City's new program includes households with income up to 120 % AMI and has greatly increased participation. The first three home improvement contracts have been issued and there are 60 additional applicants for these rehabilitation programs.

Action #6: *Complete an SB99 revenue bond for the purpose of providing loan money for existing single-family units at below market interest rates.*

The Walnut Improvement Agency issued mortgage revenue bonds in 1983 and 1985 for first-time homebuyers in several of the City's new residential tracts (described under Action #13). More recently, the Agency established a First-time Homebuyer Program in 1998; it can be used to purchase new and existing homes.

Action #7: *Utilize services of the County Housing Authority for promotional and educational services relative to available housing rehabilitation, rent subsidy and home purchase programs.*

Walnut participated in the County single family rehabilitation program from 1988 through 1991. However, due to the low participation rate for Walnut residents and resulting high cost-to-loan ratio under this program, the City has discontinued participation in the County program. In 1998, the City adopted a local single-family residential rehabilitation program for low and moderate income homeowners. The City has also initiated a local home purchase assistance program.

The City will continue to utilize the services of the County Housing Authority for implementation of the Section 8 rent subsidy program.

Action #8: *Conduct a site survey and evaluation to the end of selecting a site or sites to accommodate approximately 109 low-income units.*

The City was unable to determine whether a prior survey was conducted as indicated in the prior Housing Element. However, as part of this Housing Element update, a comprehensive survey of potential sites for residential development has been completed and target sites identified for affordable housing. Programs to work with property owners and developers to achieve the development of these sites are appropriate to include in the Housing Element.

Action #9: *Utilize block grant funds, purchase and land bank land for the units identified in Action #8 until such time that sufficient land has been purchased for an economically feasible project.*

This action to purchase land using block grant funds was overly ambitious given the high cost of land in Walnut, combined with extremely limited CDBG funding levels. Now that Walnut has an Improvement Agency, with approximately $800,000 generated annually for Low/Mod housing funds,

land write-down assistance for affordable housing projects is a more realistic goal, and has been included in the Housing Element.

The agency is currently supporting two senior housing projects, which could provide up to 190 additional units.

Action #10: In accordance with SB 1960, identify areas and zones within the City that are appropriate for mobile homes.

Pursuant to State law, Walnut has amended its zoning ordinance to allow manufactured housing in the R1-7200 single-family residential zone. While three mobilehome parks are located adjacent the City in the 91789 zip code, no mobilehome parks exist within the City.

Action #11: Apply for funding for assisted housing through the Section 8 New Construction for families and large families.

The City did not apply for Section 8 new construction funds. This program is no longer offered by HUD and is therefore not appropriate to include in the Housing Element. Redevelopment set-aside funds will provide a major source of funds for affordable new construction.

Action #12: Apply to FHA for a reservation of mortgage funds for new construction under the Section 235 program.

The City did not apply for funds under the Section 235 program. This program is no longer in existence, and therefore not appropriate to include in the Housing Element.

Action #13: Complete an SB99 New Construction Revenue Bond Issue.

The Walnut Improvement Agency issued Residential Mortgage Revenue Bonds in both 1983 and 1985 to provide funds for the purchase of mortgage loans secured by single-family residences located within the Improvement Area boundary. Each bond issuance was for $20 million, and provided for the purchase of a total of 325 new homes for first-time homebuyers. The maximum purchase price in the 1985 issuance was limited to approximately $146,000. The following residential developers participated in the first-time buyers program:

Marlborough Development Corporation
Citation Homes
Ponderosa Homes
The Anden Group
The McCarthy Company
W&A Builders, Inc.

Given the high cost of for-sale housing in Walnut, single-family mortgage revenue bonds are no longer appropriate due to sales price limitations. However, the City will provide affordable homeownership opportunities to

low and moderate income households through its first-time homebuyer program.

Action #14: Utilize the services of the County Housing Authority for all complaints of discriminatory practices in housing, counseling in landlord-tenant disputes, housing literature, presentations and housing assistance counseling.

As a participating City in the Urban County Program, Walnut participates with the Long Beach Fair Housing Foundation for fair housing services. This program is appropriate for continuation in the Housing Element.

Action #15: *Conduct a city-wide survey of rental housing suitable for handicapped or elderly occupants; maintain a directory of such housing.*

The City currently has only one apartment project in its jurisdiction; this project lacks any special features which make it suitable to the elderly or handicapped. The Housing Element identifies an unmet need in Walnut for housing directed towards the elderly and handicapped, and has included programs for construction of senior housing.

Action #16: Encourage private developers to include affordable housing via the granting of development incentives such as relaxation of subdivision/development standards, fast-tract zoning and subdivision processing, decreasing fees, and cooperation in the provision of infrastructure improvements.

The City has traditionally "fast-tracked" residential development proposals, as confirmed by the pace of residential growth experienced during the 1980s. The Housing Element now includes programs to reduce the cost of development, including density bonus, reduced development fees, and fast-track processing.

Progress in Meeting RHNA Goals

In June 1988, the Southern California Association of Governments (SCAG) published its Regional Housing Needs Assessment (RHNA) for the period July 1989 through June 1994. Based on several extensions of the RHNA cycle, these figures were extended to December 1997. For the City of Walnut, the RHNA established a construction need of 1,402 housing units, including 451 low/ moderate income units and 951 upper income units.

During the period July 1989 through December 1997, a total of 360 housing units were developed in Walnut. All of these units were single-family detached, and sold for prices targeted to upper income households. The City's remaining housing need through the 1989-97 Housing Element cycle was 1,042 units. Due to the recession of the early 1990s, housing production throughout Southern California was significantly less than had been projected.

The Walnut Redevelopment Agency is currently working with developers to construct up to 190 affordable units in two proposed developments which are described below.

Snow Creek Village is proposed for a 37.7-acre site which includes property on the east and west sides of Grand Avenue between La Puente Road and Valley Boulevard. The proposed mixed-use "village" concept includes a land use mix of about 60 percent residential and 40 percent commercial uses. The intent is to create additional residential housing for seniors and a commercial area to serve Walnut residents. The residential areas of the project would include development of up to 64 one-story, patio-style homes for seniors on the west side of Grand (15.9 acres). Additionally, the residential component would also include an assisted care facility on the east side of Grand (5.8 acres) that would provide up to 150 beds for seniors who require assistance with daily tasks. A Specific Plan is being prepared that would establish the standards for this development.

Francesca Senior Housing is proposed for a 6.4-acre site on the west side of Francesca Drive between Amar Road and Nogales Street. The project would include 126 condominiums for low to moderate income seniors. A Specific Plan is being prepared that would establish the standards for this development.

C. HOUSING PROGRAMS

The goals and policies contained in the Housing Element address Walnut's identified housing needs and are implemented through a series of housing programs. Housing programs define the specific actions the City will take to achieve specific goals and policies.

The City of Walnut's overall housing program strategy for addressing its housing needs has been defined according to the following issue areas:

- Providing adequate sites to achieve a variety and diversity of housing.
- Assisting in the development of affordable housing.
- Conserving and improving the condition of the existing stock of affordable housing.
- Removing governmental constraints as necessary.
- Promoting equal housing opportunity.

Housing programs include both programs currently in operation in the City and new programs which have been added to address the City's unmet housing needs. This section provides a description of each housing program, and program goals for the 2000-2005 period.

The Housing Program Summary, Table 25 located at the end of this section summarizes the goals of each housing program through 2005, along with identifying the program funding source, responsible agency, and time frame for implementation.

The primary funding source to be used in Walnut for implementation of its housing program will be the Redevelopment Low and Moderate Income Housing Fund. The City will continue to use Federal HUD funds administered through the County's Section 8 Program for rental assistance, and Federal Community Development Block Grant (CDBG) funds for the County-administered residential rehabilitation program. Another significant financial resource available toWalnut for development of affordable housing is the City of Industry Low and Moderate Income Redevelopment fund, accessible through the Los Angeles County Community Development Commission.

PROVISION OF ADEQUATE RESIDENTIAL SITES

1. Identification of Potential Sites for Multi-Family/Senior Citizen Housing: An exhaustive review and evaluation has been made of all vacant and underutilized sites in Walnut to identify candidate areas for new residential development to address the City's regional housing needs by income category. The vast majority of vacant land in Walnut is characterized by steep slopes which limit development potential to very low intensity residential use; very limited land remains in the City which could potentially support higher intensity use.

The following target sites have been identified as suitable for multi-family/senior citizen housing, and will be developed under the Specific Plan process, ensuring a minimum 25% affordable units. The first two sites have affordable housing projects underway. The location of these sites is illustrated in Figure11, Housing Opportunity Areas.

- Snow Creek Village Specific Plan (site #1) - 64 single-family units for seniors (8 moderate income), and 120 bed assisted living facility (60 moderate income).

- Walnut Grove Specific Plan (site #2) - 108 unit condominium project for seniors (34 very low, 34 low, 40 moderate income)

- Cal Poly Pomona (site #11) - 98 vacant acres owned by University. City in discussions with regarding development of student and faculty housing. Estimated capacity for minimum of 500-1,000 units.

- 2.7 acre site on San Jose Hills Road, adjacent to existing Shadow Springs Apartments(site #3) - City's goal is to substantially rehabilitate existing apartments and place affordability controls on the units, and link these apartments to a new affordable housing development on the adjacent parcel.

- 10 acre site Pierre & Valley (site #4) - Potential for 70 - 150 units. City would likely provide homeownership assistance for a minimum of 25% of the units.

- 48.6 acre site Valley Boulevard east of Grand (site #5). Potential for 200-250 units.

- 0.9 acre site at Camino de Rosas (site #10) - Potential for 5 first-time homebuyer units. Walnut Housing Authority owns this site.

Program Actions: Contact property owners of potential development sites by 2002 to make them aware of development opportunities through the Specific Plan process, and of funding available from the Agency and other sources.

2. Sites for Homeless Shelters: The 1990 Census did not record any homeless in the City of Walnut. However, the Los Angeles County Sheriff's Department reports that occasionally, homeless do pass through the City. Walnut does not have any emergency shelters, but the adjacent communities of Pomona and West Covina do offer a variety of overnight accommodations and services for the homeless. The City will contract through financial assistance with one of these shelters to provide services

to any homeless persons from Walnut. In addition, the City will provide required transportation to take any homeless person to the appropriate facility.

Program Actions: As a means for providing adequate sites for homeless facilities in Walnut, the City will amend its Zoning Ordinance by 2002 to allow the development of overnight shelters in commercial zones subject to a Conditional Use Permit. In addition, transitional housing will be permitted in residential zones, also subject to a CUP. The CUP will set forth conditions aimed at enhancing the compatibility of transitional housing and shelters with the surrounding neighborhood or commercial district, and will not unduly constrain the creation of such facilities.

ASSIST IN DEVELOPMENT OF AFFORDABLE HOUSING

The City of Walnut primarily contains large single-family homes with well-maintained landscaping. Combined, the landscaping, city-wide trail system, and open space create an aesthetically pleasing environment. As a result of these and other amenities, the cost of housing in Walnut is more than surrounding communities. Incentive programs, such as density bonus, offer a cost effective means of providing affordable housing development. Public sector support for new construction includes the following programs for lower and moderate income housing development.

3. Inclusionary Housing: Redevelopment law requires 9% of all non-Agency developed housing within a redevelopment project area to be deed restricted as affordable to low/moderate income households, with an additional 6% which must be affordable to very low income households. In compliance with these requirements, the city now requires a minimum of 15% of units in all residential developments (rental and ownership) of ten units or greater located within the Redevelopment Project Area to be deed restricted for occupancy by low and moderate income households, a minimum of 30 percent of which will be affordable to very low income households. Units are required to be maintained at affordable levels until expiration of the Redevelopment Project Area in 2016.

The City has established an *in-lieu fee* mechanism which allows developers to pay a fee based on the affordability gap, rather than actually constructing the required inclusionary units; affordable units may be constructed at an off-site location. The in-lieu fee amount is placed into a Housing Trust Fund.

Program Actions: Require residential projects within the Redevelopment Project Area to integrate 15 percent affordable units within the project, to provide affordable units off-site, or to pay an *in-lieu* housing fee.

4. First-Time Homebuyer Programs: Walnut participates in three different first-time homebuyer programs: City of Walnut First-time Homebuyer Program (FHP); and the Los Angeles County Community Development Commission (CDC) Home Ownership Program (HOP); and the County Mortgage Credit Certificate Program (MCC).

Walnut FHP - First Time Homebuyer Program: The Walnut Housing Authority provides financing assistance of up to 10 percent or $25,000 of the purchase price of the property to low and moderate income households. The Authority loan is in the

form of a deferred silent second with no payments and no interest accruing. The second mortgage contains a shared appreciation clause which is triggered only if the property is sold within the first ten years to a non-qualified buyer. The City FHP Program is administered by a private escrow company.

The City held a noticed workshop for local realtors in order to make them aware of programs and funding availability. The first participating units under this program were funded in late 2000.

HOP - Home Ownership Program: HOP is operated in conjunction with the Los Angeles County CDC. This program assists low and moderate income homebuyers by providing a zero-interest loan with no repayment due until the home is sold, transferred, or refinanced. These loans are shared equity loans which are payable only upon sale or transfer of title or refinancing of the home which must otherwise remain owner-occupied for the 20-year life of the loan. The maximum purchase price in 2000 is $230,563 for new homes and $213,500 for existing homes (resale).

MCC - Mortgage Credit Certificate Program: The MCC Program is also operated in conjunction with the County of Los Angeles Community Development Commission. With the MCC, there are slightly different purchasing and income requirements than from the City FHP. The MCC gives low and moderate income homebuyers a Federal tax credit of up to 15% each year the buyer keeps the same mortgage loan and lives in the same house. The maximum purchase price in 2000 is $281,800 for new homes and $239,790 for existing homes (resale). The MCC program can be used in conjunction with the City FHP if all eligibility requirements for both programs are met by the prospective homebuyer.

Program Actions: Promote homeownership programs to local realtors and continue to advise residents of availability through the City website and newsletter, with the goal of assisting 5 to 6 households annually.

CONSERVING AND IMPROVING EXISTING AFFORDABLE HOUSING

Maintaining Walnut's older residential neighborhoods is vital to preserving the overall high quality and character of the community. In addition to maintaining the City's housing stock, Walnut must also conserve affordable units in the community. The cost of housing has caused many individuals, especially the elderly and first-time homebuyers, to be unable to afford housing. The preservation of affordable housing is important in ensuring adequate housing opportunities are available to all residents.

5. Code Enforcement Program: Walnut adopted a Nuisance Ordinance (property maintenance) in 1999. Prior to adoption, code enforcement officers assisted with a survey of affected areas and the City conducted six study sessions with the Planning Commission in order to get public input on code enforcement problems. As a result of this process, Code Enforcement officers have identified four focus areas for rehabilitation programs (see Figure 9). Homes in the focus areas are among the oldest in the City.

Citywide rehabilitation programs can address particular needs of the focus areas. Code Enforcement officers can also make homeowners aware of assistance available through the residential rehabilitation program. The City uses a portion of its CDBG funds to support code enforcement efforts.

Program Action: Promote housing preservation through Code Enforcement which can identify properties needing rehabilitation and make homeowers aware of available assistance programs.

6. Residential Rehabilitation Program: The majority of housing in the City is of sound to superior quality; only 15 percent of the homes are more than 30 years old. However, one-quarter of the housing stock was constructed between 1970 and 1979 and is likely to need rehabilitation within the next decade. Although most homeowners have maintained their homes in good condition, the housing conditions survey conducted in the City's older residential neighborhoods indicated that a portion of the City's housing stock needs upgrading.

In 1999, the City established a local Housing Rehabilitation Program. The program is designed to assist owners of single family, owner- occupied, residential units. All participants must qualify as low- and moderate-income households pursuant to Federal guidelines. Both funding sources are used, depending on the income eligibility of the household; CDBG funds are limited to households up to 80% AMI while WHA funds can be used by households up to 120% AMI. The rehabilitation program provides funds to: 1) Correct building and health code violations; 2) Correct hazardous structural conditions; 3) Make improvements considered necessary to eliminate blighted conditions; and 4) Provide general improvements to properties required as they age (e.g. re-roof, etc.).

Funding is available to income-qualified residents on a first-come, first-serve basis and residents are eligible to participate every two years. Rehabilitation assistance may be in the form of grants or deferred loans.

Grants. (Maximum amount $7,500.) As a grant, these funds do not need to be repaid. They are designed to assist with addressing Code items which may be in addition to work requested by the owner.

Deferred Loans. (Maximum amount $30,000.) These no-interest loans are payable when the property is refinanced or changes title.

This program is administered by a private consultant. The first three home improvement contracts were issued in mid-2000 and there are a total of 73 qualifying applicants. WHA has also designated emergency funds to provide assistance to qualifying households.

Program Actions: Assist 15 to 20 low and moderate income households on an annual basis; conduct special outreach programs in focus areas.

7. Section 8 Rental Assistance Program: Continue to support the County Section 8 Rental Assistance Program which provides assistance to low income families. The Los Angeles County Housing Authority administers the Section 8 Rental Assistance Program that extends rental subsidies to very low income households. The subsidy

represents the difference between the excess of 30% of recipient's monthly income and the federally approved fair market rents (FMR). At the present time, 12 families in Walnut receive Section 8 rental assistance and an additional 12 families are on the waiting list maintained by the Housing Authority of the County of Los Angeles.

Program Action: Cooperate with the County to make low income residents aware of Section 8 Rental Assistance Program. Encourage rental property owners to list rentals with the Housing Authority.

REMOVAL OF GOVERNMENTAL CONSTRAINTS

State law requires the Walnut Housing Element to address and where appropriate and legally possible, remove governmental constraints affecting the maintenance, improvement, and development of housing. The following programs are designed to lessen governmental constraints on housing development.

8. Specific Plan Areas for Higher Density Affordable Housing: The City utilizes the Specific Plan process as a tool to facilitate development of special needs housing within commercially designated property, provided that at least 25 percent of the housing development meets affordable housing standards. Targeted special needs groups include Seniors, First Time Home Buyers, and Low and Moderate Income Renters. The Specific Plan process is currently being used for two senior housing projects which will provide 172 new affordable units.

As described in detail under the Governmental Constraints section (Chapter III), certain components of the City's specific plan provisions for affordable housing require greater clarification to ensure consistency with State density bonus law. For example, the City will need to establish maximum densities in commercial districts on which to grant a density bonus.

Program Actions: Continue to utilize Specific Plans in commercial zones and amend Land Use Element to a) provide consistency with State density bonus law, and 2)allow for Specific Plans in residential zones in order to provide flexible development standards, similar to those currently available for commercial zones. Provide for subsidized permit and application fees for affordable projects, and provide expedited processing.

9. Second Unit Ordinance: In 1999, the City adopted a second unit ordinance which provides a mechanism for dependents who cannot otherwise obtain reasonable housing within the City, and establishes standards for construction of second units. Limitations include minimum lot size, minimum size of 2,500 square feet for the primary dwelling, second unit size between 500 and 800 square feet, and the requirement of an additional garage parking space. To date, there have been no applications for second units.

Program Actions: In order to better facilitate second units, the City will modify the current Ordinance to relax certain standards, including occupancy requirements and elimination of the conditional use permit (CUP requirement). Design review will occur at the Planning Commission level, without the requirement for a public hearing.

10. Development Fees: Various fees and assessments are charged by the City to cover the costs of processing permits and to provide services and facilities to the project. These fees contribute to the cost of housing and can constrain the development of lower priced units. In an effort to assist the development of affordable housing, the Walnut Improvement Agency may pay the development fees to the City on behalf of a project.

Program Actions: Monitor all residential fees to assess their impact on housing costs and provide a mechanism by which the Agency may pay fees on behalf of an affordable housing project. Provide reduced processing and permit fees for affordable projects developed through a specific plan.

11. Expedited Project Review: A community's evaluation and review process for housing projects contributes to the cost of housing because holding costs incurred by developers are ultimately reflected in the unit's selling price. To minimize holding costs, Walnut will prioritize the review of affordable housing projects.

Program Actions: Develop a streamlined permit process for projects with an affordable housing component. More specifically, provide expedited processing for specific plans with an affordable housing component.

12. Density Bonus Program: Under State density bonus law, a residential project with five or more units is eligible for a density increase of 25 percent and an additional regulatory incentive/concession. Eligible projects are those for which at least: 20 percent of the total units are reserved for lower income households; 10 percent of the units are for very low-income households; or 50 percent of the units are for senior residents. Possible incentives that can be offered include reduced fees, and reductions in setback, lot size, and parking requirements, among other things.

Five-year Objectives: Adopt a local density bonus ordinance in 2002. Amend Land Use Element provisions for affordable housing via specific plans to provide consistency with State density bonus law (see Program #8).

PROMOTE EQUAL HOUSING OPPORTUNITIES

In order to make adequate provision for the housing needs of all economic segments of the community, the housing program must include actions that promote housing opportunities for all persons regardless of race, religion, sex, family size, marital status, ancestry, national origin, color, age, or physical disability.

13. Fair Housing: As a participating City in the Urban County Community Development Block Grant Program, Walnut cooperates with the Long Beach Fair Housing Foundation (FHF) to enforce fair housing laws. The purpose of the FHF's program is to affirmatively further fair housing through a program of information, education, counseling and investigative services designed to promote fair housing. In order to increase public awareness of legal rights under fair housing laws, the City will advertise services offered by the Fair Housing Foundation, including housing discrimination response, landlord-tenant relations, housing information and counseling, and community education programs.

Program Actions: Provide informational brochures at the public counter and local library, and place periodic advertisements in the local newspapers, on Walnut's cable channel, and in the City's newsletter.

Table 25: Housing Implementation Program Summary

Housing Program	Program Goal	Five-Year Objective(s)/ Time Frame	Funding Source(s)	Responsible Department or Agency
Providing Adequate Residential Sites				
1. Designation of Potential Sites for Multi-Family/Senior Citizen Housing	Provide housing options for the city's lower income households and growing senior population	Contact property owners regarding incentives for development by 2002.	Department Budget; Redevelopment Set-Aside; Other	Planning Department; Improvement Agency
2. Sites for Homeless Shelters/Transitional Housing	Provides sites for development of housing for the homeless	Amend Zoning Ordinance by 2002 to allow development of overnight shelters in commercial zones and transitional housing in residential zones, subject to CUP.	CDBG, Department Budget	Planning Department
Assisting in the Provision of Housing				
3. Inclusionary Housing	Provide affordable housing units integrated within market rate housing projects.	Continue to require large developments within Project Areas to construct units on or off-site, or pay in-lieu fee.	Department Budget	Planning Department
4. First-time Homebuyer Assistance Programs	Expand homeownership opportunities for lower and moderate-income homebuyers.	Provide financing assistance to low and moderate income households.	Walnut FHP, HOP, MCC	Planning Department; Improvement Agency
Conserving the Existing Supply of Affordable Housing				
5. Residential Code Enforcement Program	Conduct neighborhood inspections in CDBG-eligible areas and identified focus areas of the city.	Provide citywide and focused code enforcement linked with rehabilitation assistance	CDBG, Department Budget	Planning Department
6. Single-Family Rehabilitation Program	Provide loans to lower and moderate income homeowners to help them rehabilitate their homes.	Provide loans to qualified homeowners.	CDBG; WHA	Planning Department; Improvement Agency
7. Section 8 Rental Assistance Program	Provide rental subsidies to very low-income households.	Continue current levels of rental assistance and direct eligible households to the County program.	HUD	Los Angeles County Housing Authority
Removing Governmental Constraints				
8. Specific Plan Areas for Higher Density Affordable Housing	Use of Specific Plan process to allow higher density development in commercial and residential zones.	Facilitate development of two senior facilities through the Specific Plan Process. Amend Land Use Element in 2002 to provide consistency with State density bonus law, and expand applicability to residential districts.	CDBG, Industry Set-Aside, Tax Credits, other	Planning Department

Housing Program	Program Goal	Five-Year Objective(s)/ Time Frame	Funding Source(s)	Responsible Department or Agency
9. Second Unit Ordinance	Provide opportunities for scattered second unit rentals integrated in single-family neighborhoods.	Amend Zoning Ordinance by 2002 to relax standards related to occupancy and requirement for a CUP.	General Fund	Planning Department
10. Development Fees	Provide fee reductions and waivers for affordable housing	Grant partial fee waiver to affordable housing projects, on a merit basis	None Required	Planning Department
11. Expedited Project Review	Develop a streamlined permit process for projects with an affordable housing component.	Continue to offer stream-line development processing, and periodically review procedures.	General Fund	Planning Department
12. Density Bonus Ordinance	Provide density bonus and additional regulatory incentives for developments that include affordable units.	Adopt local density bonus ordinance in 2002.	General Fund	Planning Department
Promoting Equal Housing Opportunities				
13. Fair Housing Program	Further fair housing practices in the community.	Continue to promote fair housing practices. Provide educational information on fair housing to the public. Refer fair housing complaints to the Long Beach Fair Housing Foundation.	None required	Planning Department; Long Beach Fair Housing Foundation

Five-Year Goals Summary:

TOTAL UNITS TO BE CONSTRUCTED: 227 (34 Very Low, 23 Low, 36 Moderate, 134 Upper)
TOTAL UNITS TO BE REHABILITATED: 75 - 100 Low and Moderate Income
TOTAL UNITS TO BE CONSERVED: 12 Very Low Income (Section 8)

Appendix - Glossary of Terms

HOUSING ELEMENT GLOSSARY

Acre: a unit of land measure equal to 43,560 square feet.

Acreage, Net: The portion of a site exclusive of existing or planned public or private road rights-of-way.

Affordability Covenant: A property title agreement which places resale or rental restrictions on a housing unit.

Affordable Housing: Under State and federal statutes, housing which costs no more than 30 percent of gross household income. Housing costs include rent or mortgage payments, utilities, taxes, insurance, homeowner association fees, and other related costs.

Annexation: The incorporation of land area into the jurisdiction of an existing city with a resulting change in the boundaries of that city.

Assisted Housing: Housing that has been subsidized by federal, state, or local housing programs.

At-Risk Housing: Multi-family rental housing that is at risk of losing its status as housing affordable for low and moderate income tenants due to the expiration of federal, state or local agreements.

California Department of Housing and Community Development - HCD: The State Department responsible for administering State-sponsored housing programs and for reviewing housing elements to determine compliance with State housing law.

Census : The official United States decennial enumeration of the population conducted by the federal government.

Community Development Block Grant (CDBG): A grant program administered by the U.S. Department of Housing and Urban Development (HUD). This grant allots money to cities and counties for housing rehabilitation and community development activities, including public facilities and economic development.

Condominium: A building or group of buildings in which units are owned individually, but the structure, common areas and facilities are owned by all owners on a proportional, undivided basis.

Density: The number of dwelling units per unit of land. Density usually is expressed "per acre," e.g., a development with 100 units located on 20 acres has density of 5.0 units per acre.

Density Bonus: The allowance of additional residential units beyond the maximum for which the parcel is otherwise permitted usually in exchange for the provision or preservation of affordable housing units at the same site or at another location.

Development Impact Fees: A fee or charge imposed on developers to pay for a jurisdiction's costs of providing services to new development.

Development Right: The right granted to a land owner or other authorized party to improve a property. Such right is usually expressed in terms of a use and intensity allowed under existing zoning regulation. For example, a development right may specify the maximum number of residential dwelling units permitted per acre of land.

Dwelling, Multi-family: A building containing two or more dwelling units for the use of individual households; an apartment or condominium building is an example of this dwelling unit type.

Dwelling, Single-family Attached: A one-family dwelling attached to one or more other one-family dwellings by a common vertical wall. Row houses and town homes are examples of this dwelling unit type.

Dwelling, Single-family Detached: A dwelling, not attached to any other dwelling, which is designed for and occupied by not more than one family and surrounded by open space or yards.

Dwelling Unit: One or more rooms, designed, occupied or intended for occupancy as separate living quarters, with cooking, sleeping and sanitary facilities provided within the unit for the exclusive use of a household.

Elderly Household: As defined by HUD, elderly households are one- or two- member (family or non-family) households in which the head or spouse is age 62 or older.

Element: A division or chapter of the General Plan.

Emergency Shelter: An emergency shelter is a facility that provides shelter to homeless families and/or homeless individuals on a limited short-term basis.

Emergency Shelter Grants (ESG): A grant program administered by the U.S. Department of Housing and Urban Development (HUD) provided on a formula basis to large entitlement jurisdictions.

Entitlement City: A city, which based on its population, is entitled to receive funding directly from HUD. Examples of entitlement programs include CDBG, HOME and ESG.

Fair Market Rent (FMR): Fair Market Rents (FMRs) are freely set rental rates defined by HUD as the median gross rents charged for available standard units in a county or Standard Metropolitan Statistical Area (SMSA). Fair Market Rents are used for the

Section 8 Rental Program and many other HUD programs and are published annually by HUD.

First-Time Home Buyer: Defined by HUD as an individual or family who has not owned a home during the three-year period preceding the HUD-assisted purchase of a home. Jurisdictions may adopt local definitions for first-time home buyer programs which differ from non-federally funded programs.

Floor Area Ratio (FAR): The gross floor area of all buildings on a lot divided by the lot area; usually expressed as a numerical value (e.g., a building having 10,000 square feet of gross floor area located on a lot of 5,000 square feet in area has a floor area ratio of 2.0).

General Plan: The General Plan is a legal document, adopted by the legislative body of a City or County, setting forth policies regarding long-term development. California law requires the preparation of seven elements or chapters in the General Plan: Land Use, Housing, Circulation, Conservation, Open Space, Noise, and Safety. Additional elements are permitted, such as Economic Development, Urban Design and similar local concerns.

Group Quarters: A facility which houses groups of unrelated persons not living in households (U.S. Census definition). Examples of group quarters include institutions, dormitories, shelters, military quarters, assisted living facilities and other quarters, including single-room occupancy (SRO) housing, where 10 or more unrelated individuals are housed.

Growth Management: Techniques used by a government to regulate the rate, amount, location and type of development.

HCD: The State Department of Housing and Community Development.

Home Mortgage Disclosure Act (HMDA): The Home Mortgage Disclosure Act requires larger lending institutions making home mortgage loans to publicly disclose the location and disposition of home purchase, refinance and improvement loans. Institutions subject to HMDA must also disclose the gender, race, and income of loan applicants.

HOME Program: The HOME Investment Partnership Act, Title II of the National Affordable Housing Act of 1990. HOME is a Federal program administered by HUD which provides formula grants to States and localities to fund activities that build, buy, and/or rehabilitate affordable housing for rent or home ownership or provide direct rental assistance to low-income people.

Homeless: Unsheltered homeless are families and individuals whose primary nighttime residence is a public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings (e.g., the street, sidewalks, cars, vacant and abandoned buildings). Sheltered homeless are families and persons whose primary nighttime residence is a supervised publicly or privately operated shelter (e.g., emergency, transitional, battered women, and homeless youth shelters; and commercial hotels or motels used to house the homeless).

Household: The US Census Bureau defines a household as all persons living in a housing unit whether or not they are related. A single person living in an apartment as well as a family living in a house is considered a household. Household does not include individuals living in dormitories, prisons, convalescent homes, or other group quarters.

Household Income: The total income of all the persons living in a household. A household is usually described as very low income, low income, moderate income, and upper income based upon household size, and income, relative to the regional median income.

Housing Problems: Defined by HUD as a household which: (1) occupies a unit with physical defects (lacks complete kitchen or bathroom); (2) meets the definition of overcrowded; or (3) spends more than 30% of income on housing cost.

Housing Subsidy: Housing subsidies refer to government assistance aimed at reducing housing sales or rent prices to more affordable levels. Two general types of housing subsidy exist. Where a housing subsidy is linked to a particular house or apartment, housing subsidy is "project" or "unit" based. In Section 8 rental assistance programs the subsidy is linked to the family and assistance provided to any number of families accepted by willing private landlords. This type of subsidy is said to be "tenant based."

Housing Unit: A room or group of rooms used by one or more individuals living separately from others in the structure, with direct access to the outside or to a public hall and containing separate toilet and kitchen facilities.

HUD: See U. S. Department of Housing and Urban Development.

Income Category: Four categories are used to classify a household according to income based on the median income for the county. Under state housing statutes, these categories are defined as follows: Very Low (0-50% of County median); Low (50-80% of County median); Moderate (80-120% of County median); and Upper (over 120% of County median).

Large Household: A household with 5 or more members.

Manufactured Housing: Housing that is constructed of manufactured components, assembled partly at the site rather than totally at the site. Also referred to as modular housing.

Market Rate Housing: Housing which is available on the open market without any subsidy. The price for housing is determined by the market forces of supply and demand and varies by location.

Median Income: The annual income for each household size within a region which is defined annually by HUD. Half of the households in the region have incomes above the median and half have incomes below the median.

Mobile Home: A structure, transportable in one or more sections, which is at least 8 feet in width and 32 feet in length, is built on a permanent chassis and designed to be used as a dwelling unit when connected to the required utilities, either with or without a permanent foundation.

Mortgage Revenue Bond(MRB): A state, county or city program providing financing for the development of housing through the sale of tax-exempt bonds.

Overcrowding: As defined by the U.S. Census, a household with greater than 1.01 persons per room, excluding bathrooms, kitchens, hallways, and porches. Severe overcrowding is defined as households with greater than 1.51 persons per room.

Overpayment: The extent to which gross housing costs, including utility costs, exceed 30 percent of gross household income, based on data published by the U.S. Census Bureau. Severe overpayment, or cost burden, exists if gross housing costs exceed 50 percent of gross income.

Parcel: The basic unit of land entitlement. A designated area of land established by plat, subdivision, or otherwise legally defined and permitted to be used, or built upon.

Physical Defects: A housing unit lacking complete kitchen or bathroom facilities (U.S. Census definition). Jurisdictions may expand the Census definition in defining units with physical defects.

Project-Based Rental Assistance: Rental assistance provided for a project, not for a specific tenant. A tenant receiving project-based rental assistance gives up the right to that assistance upon moving from the project.

Public Housing: A project-based low-rent housing program operated by independent local public housing authorities. A low-income family applies to the local public housing authority in the area in which they want to live.

Redevelopment Agency: California Community Redevelopment Law provides authority to establish a Redevelopment Agency with the scope and financing mechanisms necessary to remedy blight and provide stimulus to eliminate deteriorated conditions. The law provides for the planning, development, redesign, clearance, reconstruction, or rehabilitation, or any combination of these, and the provision of public and private improvements as may be appropriate or necessary in the interest of the general welfare by the Agency. Redevelopment law requires an Agency to set aside 20 percent of all tax

increment dollars generated from each redevelopment project area for the purpose of increasing and improving the community's supply of housing for low and moderate income households.

Regional Housing Needs Assessment (RHNA): The Regional Housing Needs Assessment (RHNA) is based on State of California projections of population growth and housing unit demand and assigns a share of the region's future housing need to each jurisdiction within the SCAG (Southern California Association of Governments) region. These housing need numbers serve as the basis for the update of the Housing Element in each California city and county.

Rehabilitation: The upgrading of a building previously in a dilapidated or substandard condition for human habitation or use.

Section 8 Rental Voucher/Certificate Program: A tenant-based rental assistance program that subsidizes a family's rent in a privately owned house or apartment. The program is administered by local public housing authorities. Assistance payments are based on 30 percent of household annual income. Households with incomes of 50 percent or below the area median income are eligible to participate in the program.

Service Needs: The particular services required by special populations, typically including needs such as transportation, personal care, housekeeping, counseling, meals, case management, personal emergency response, and other services preventing premature institutionalization and assisting individuals to continue living independently.

Small Household: Pursuant to HUD definition, a small household consists of two to four non-elderly persons.

Southern California Association of Governments (SCAG): The Southern California Association of Governments is a regional planning agency which encompasses six counties: Imperial, Riverside, San Bernardino, Orange, Los Angeles, and Ventura. SCAG is responsible for preparation of the Regional Housing Needs Assessment (RHNA).

Special Needs Groups: Those segments of the population which have a more difficult time finding decent affordable housing due to special circumstances. Under California Housing Element statutes, these special needs groups consist of the elderly, handicapped, large families, female-headed households, farmworkers and the homeless. A jurisdiction may also choose to consider additional special needs groups in the Housing Element, such as students, military households, other groups present in their community.

Subdivision: The division of a lot, tract or parcel of land in accordance with the Subdivision Map Act (California Government Code Section 66410 et seq.).

Substandard Housing: Housing which does not meet the minimum standards contained in the State Housing Code (i.e. does not provide shelter, endangers the health, safety or

well-being of occupants). Jurisdictions may adopt more stringent local definitions of substandard housing.

Substandard, Suitable for Rehabilitation: Substandard units which are structurally sound and for which the cost of rehabilitation is considered economically warranted.

Substandard, Needs Replacement: Substandard units which are structurally unsound and for which the cost of rehabilitation is considered infeasible, such as instances where the majority of a unit has been damaged by fire.

Supportive Housing: Housing with a supporting environment, such as group homes or Single Room Occupancy (SRO) housing and other housing that includes a supportive service component such as those defined below.

Supportive Services: Services provided to residents of supportive housing for the purpose of facilitating the independence of residents. Some examples are case management, medical or psychological counseling and supervision, child care, transportation, and job training.

Tenant-Based Rental Assistance: A form of rental assistance in which the assisted tenant may move from a dwelling unit with a right to continued assistance. The assistance is provided for the tenant, not for the project.

Transitional Housing: Transitional housing is temporary (often six months to two years) housing for a homeless individual or family who is transitioning to permanent housing. Transitional housing often includes a supportive services component (e.g. job skills training, rehabilitation counseling, etc.) to allow individuals to gain necessary life skills in support of independent living.

U.S. Department of Housing and Urban Development (HUD): The cabinet level department of the federal government responsible for housing, housing assistance, and urban development at the national level. Housing programs administered through HUD include Community Development Block Grant (CDBG), HOME and Section 8, among others.

Zoning: A land use regulatory measure enacted by local government. Zoning district regulations governing lot size, building bulk, placement, and other development standards vary from district to district, but must be uniform within the same district. Each city and county adopts a zoning ordinance specifying these regulations.

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